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### Predicting Quality Outcome.s of Privatized Services in Local Governments Utilizing the Scott and Bruce Measure

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**PREDICTING QUALITY OUTCOMES OF PRIVATIZED  
SERVICES IN LOCAL GOVERNMENTS UTILIZING  
THE SCOTT AND BRUCE MEASURE**

by

Kenneth L. Ward, B.S., M.S.

A Dissertation Presented in Partial Fulfillment  
of the Requirements for the Degree  
Doctor of Education: Higher Educational Leadership

COLLEGE OF EDUCATION  
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Date of dissertation defense

We hereby recommend that the dissertation prepared by

**Kenneth L. Ward**

Entitled **Predicting Quality Outcomes of Privatized Services in Local**

**Governments Utilizing the Scott and Bruce Measure**

be accepted in partial fulfillment of the requirements for the degree of

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## **ABSTRACT**

Privatization has been one of the main challenges in the reform of the public service. Privatization is often regarded as an essential means of achieving improved efficiency and quality of public services, and municipalities develop novel methods to privatize their services to cope up with the financial strain. Privatization of services, however, requires a well-formulated model of decision-making that leaders can utilize to realize the most positive outcomes. The purpose of this study was to evaluate the type of decision-making style that could be used to predict a favorable outcome when making decisions to privatize government services or projects in north Louisiana. The decision-making type must be effective in guiding new or inexperienced leaders in the government to make critical decisions in their careers. Data were collected from 128 study participants through Scott and Bruce's technique. In the end, the results were analyzed and evaluated to identify the most appropriate style of decision-making. Out of all the decision-making styles that were analyzed and discussed in the study, rational decision-making was found to accurately outline a government leader's decisions to privatize services or projects. The rational decision-making had the highest mean rating of 4.58. The rational decision-making style had Private-public outcomes in the privatization of government projects and services. The new leaders of north Louisiana can significantly forecast future growth by relying on logical sequence of making decisions to cut on their expenses while improving efficiency.

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Author \_\_\_\_\_

Date \_\_\_\_\_

## **DEDICATION**

This dissertation is dedicated to many people in my life who inspired and encouraged me to push my limits at all costs. Without these people, I would not have been able to succeed to this point in my life. First, I have to thank God for all the blessings He has gifted me with. Second, I thank my parents, Lynn and Dorothy Ward for the values that I live with each day. I love and miss them each day. I wish they could be present to witness this accomplishment. I hope that I have made them proud. Last but surely not least to Dawn, my wonderful wife, who drives me each day to be the best that I can be. She encourages me to be a bright light to our boys, Carter, Carson, and Cooper; I hope this journey will demonstrate that they too, can push their limits. I love you all and thank you for your support.

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# **CHAPTER 1**

## **INTRODUCTION**

“Louisiana Governor, John Bell Edwards unveiling ‘stark’ budget proposal with deep cuts,” writes Elizabeth Crisp in the Baton Rouge, Louisiana newspaper “The Advocate.” The governor’s office is expecting a \$1M shortfall in revenues for 2018. “We do not want those cuts made,” said John Bel Edwards. This “fiscal cliff” is a result of the loss of a temporary one-penny sales tax. This temporary tax was to last until the legislature found a long-term solution (Crisp, 2018).

The study concerning financial savings and efficiencies in local administration is predominant in the current situation of the condition State of Louisiana. Sales and revenues from property tax were reported to be low while the value of the resources and workers rise each year, as seen in the 2018 proposed budget of the Parish of Caddo, Louisiana (Parish of Caddo, 2017). Governments are asked to “do more with less” (Johnson & Walzer, 1996). Lafayette Parish had cut their drainage and road capital budgets in half from 2015 to 2017 due to reduced tax revenues (Burgess, 2014). A recession in the economy accompanied by tight procedures from the Federal and State governments has created harsh economic situations for local governments. Local government managers have to initiate substantial financial decisions that mitigate the harshness experienced as a result of the recession. The acts of dissolving departments, staff

lay-offs, and infringing services have been plausible results of tighter local government budgetary conditions (Johnson & Walzer, 1996).

During tight economic times, local governments can be involved as participants in partnerships at higher levels with other existing firms in the economy, with some of them being profit-oriented while others as non-profit, to provide services to the general public. Services that include contracts, outsourcing, and privatization are aligned with advantages that could result in the local governments increasing their levels of savings in terms of workforce and cost of resources (Johnson & Walzer, 1996). Private sector firms were required to contest for the decreased cost of workforce to increase the outcomes of the same workers. Inferior costs of resources are often aligned with those sectors that are private due to the size and scale that the organizations operate at every year. Not-for-profit firms have the potential to offer chances that are deemed too low overhead costs and exceptional stands in the communities. The aspect of contracting firms that are not-for-profits creates benefits for the local government that are non-financial such as the citizen's positive perceptions that the government is working well (Savas, 2005). Robin Johnson, with the Illinois Institute for Rural Affairs, noted that before privatization contracting organizations still retain control over services provided, scheduling, and other important attributes. While with privatization, most of those listed in this work are transferred away from the organization (Johnson & Walzer, 1996).

In the United States, the outsourcing of services has been reported to have been utilized during the time of the revolutionary war. However, the federal government of the United States seemed to be hesitant to privatization activities until the occurrence of the A-76 in 1966, which convince the federal government to consider it effective (Johnson,

2008). According to the directives of the A-76, outsourcing was majorly considered to address economic issues with a suggestion of addressing entire activities but not at the governmental level. It was therefore mandated that the outsourcing contracts had the obligation of attaining all the guidelines given by the federal government regarding purchases. At first, the federal government began to consider contracts in sectors such as laundry, specifically at the Veteran Administration (VA) and the Environmental Protection Agency (EPA). These activities provided substantial security that this service will be completed as desired to those agencies all over the United States (Freeman & Minow, 2009).

The United States federal government is in the frontline for embracing the activities of outsourcing activities. In 2017, several outlines were being presented by the presidential administration. The 2017 serving president of the United States, Donald Trump, declared the onset of the outsourcing and contracting of activities on the construction of the wall on the boundary between the United States and Mexico (Gonzales, 2017). According to the memo in the A-76 from 1966, this declaration appeared not to be “inherently governmental” commotion (Johnson, 2008). The Trump administration plans to privatize other activities that are government-oriented and other programs to private sectors who have the eligibility to undertake services more substantively and uniquely, such as in schools and prisons, among others (Dayen, 2016).

There are uniform policies and procedures for acquisition that have been set by the Federal Acquisition Regulations (FAR) for the executive agencies. FAR refers to the body that governs the government acquisitions that are used in defining the means and methods of acquiring contracts with the appropriate funds that will be used in supplying

goods and services through the involvement and use of the federal government (Savas, 2000).

Typically, the federal government has been participating in the contraction of goods and services to the general public since its inception. This implies that the act of contracting the goods and services was part and parcel of their necessity (Savas, 2000). With similarities to the private firms, government agencies encounter the scenario of make or buy decisions while having limited incentives to spend in the purchasing. Within the mix, it was factual that arguments could rise with claims that it was officious and practicable for an agency to do some services itself concerning all the facets that are needed within the organization without necessarily needing a private firm to do the same. Nevertheless, is the idea the central administration established a policy that acted as a regulation that forbids competition between the federal government and those entities that are in the private sector. A 1955 Bureau of the Budget (BOB) bulletin stated that the federal government was not in a position to establish a commercial activity that ought to shoulder the obligation of the activity of providing products and services. These are aimed at satisfying the agency's own need or rather usage of the stated goods and services that can be acquired from private owner enterprises through the usual and ordinary methods offered by business channels (Condrey, 2015).

Since privatization includes those actions of open sale of assets and the end of those actions that are under the control of the federal government, there has been mixed opinions from congress regarding enacting policies under the influence of privatization. This is being compelled by the fact that crucial aspects of privatization through the enactment of policies are aimed at limiting and expanding the concept of private sector's



access to federal funds in order to conduct governmental services (Reynaers, 2014).

Various scenarios elaborate the fact that privatization is not a new phenomenon. Since the establishment of the United States, the governing administration has been contracting with private firms in order to deliver commodities and services to the general public thus making the privatization and outsourcing a perennial practice in the Congress with a propensity it is likely to continue for a substantial period (Johnson & Walzer, 1996).

The employability of privatization has proved to be helpful to policymakers as it facilitates those private firms who desire and can improvise the provision of goods and services, hence helping to end the notion that privatization is a proposition. This implies that a private entity might be hired to make a utility from a government agency in order to eventually enhance sufficiency in the provision of goods and services (Reynaers, 2014). Also, not-for-profit organizations might be offered the responsibility of raising operating incentives and undertake an agreement with private organizations and contribute to the delivery of fundamental goods and services that serves the needs of the general public. Additionally, policymakers can assess and ascertain the critical and vital value questions that lie beneath the concept of privatization following the several questions that arise whenever the government is on the eye to provide goods and services for the citizens it serves (Savas, 2000).

Concerning the various approaches that are being deemed towards privatization of the mechanisms of an agencies' delivery of goods and services, which has led to the rise of many controversies, there is a great hazard to liberty in the meditation of power that is being held by the prevailing entity. This follows the fact that several government entities are using economic freedom to protect individual freedom through the aspect of limiting

the extent to which political power dominates in the entire leadership and economic development organization (Lieberherr & Leiren, 2017). According to the free market theory, non-governmental markets have proved to be the most efficient means of employing privatization to intervene in the production of goods and services to which it will facilitate the satisfaction of citizens' needs; specifically, on goods and services. With various downfalls that are connected to free markets, many arguments are being laid against the government of the United States that it has taken the monopoly of the production of goods and services within the country's economy. As a result, there was an advocated inefficiency, inattentiveness to public wants and a slowed reformation and innovation in the goods and service production areas (Savas, 2000).

A theory that embraces the crucial relationship of free-market economics is the public choice theory. The theory proclaims that upon the introduction of privatization and outsourcing into the economy criticizes the government on its use of public officialdoms which should not be viewed in as impartial vehicles that are used in delivering government goods and services to the citizens in the name of privatization (Bradbury, & Waechter, 2009). Instead, it should be viewed as a posit while individuals, on the other hand, should be termed as self-interested players other than civil servants that are public-spirited. From the concepts aired by the two primaries, the free marketplace economists and the public choice theorists maintain that the nature of commodities and facilities being produced and offered to the general public are the core determinants of the actual and the righteous entity that ought to be recommended to produce them. From the essence that when the goods are "non-excludable," inferring that individuals cannot be prohibited from using them and being "non-rival" implies that the use of the items does

not moderate another individual's use of it considers the goods to be of the good of the public, hence the government is recommended to produce it (Lieberherr & Leiren, 2017).

In order to address the pressures that are likely to politicize the aspect of the production of vital goods and services that are for the benefit of the general public, privatization diminishes that through the initiative of taking activities out of hands of those decision-makers who have the solemn interest of expanding them. Research suggested that bureaucrats should be replaced with entrepreneurs in the private sector, while the customers should be placed in the position of those recipients of government goods and services (Lieberherr & Leiren, 2017).

In the long run, privatization has attracted the attention of individuals intervening in the concept through rhetoric condemning governments in the outsourcing of goods and services to the general public. Furthermore, those individuals who propose privatization express a policy that actively promoted wide-esteemed values, for instance, freedom and efficacy as an instrument for rebelling the annoyances of invasive and inefficient bureaucracy which is a key phenomenon to an improved administration (Bradbury & Waechter, 2009).

### **Purpose of the Study**

Pressures to reduce the size of local government and reduce the public's tax liability will cause outsourcing and privatization activities to continue (Johnson & Walzer, 1996). With minimal studies that have essentially been conducted on privatization at a local government level coupled with better perceptions that local government in Louisiana factor when privatizing, this research provides an aid to leaders and decision-makers of local governments in securing greater outcomes.

### **Significance of the Study**

Community utilities are often provided by private companies rather than municipalities (Johnson & Walzer, 1996). Financial constraints always emerge as a result of poor conception and the misalignment of contracts. Poor management of the utility is also another evidence of the scenario for privatization. However, with appropriate management and financial control, several governments at the local level can partner with other firms, hence enhancing mutual benefits. The new public administration entirely calls for a shrinking and correct sizes of the public sector and detaching of governmental obligation and programs to the private and not-for-profit sectors (Bradbury & Waechter, 2009).

Administrators in the public sector do not understand that various options of privatization prevail. Local governments, in some incidences, open up themselves in order to embrace their global options for privatization options. Local administrations have many alternatives for the privatization of facilities and structures. Public-private partnerships (P3) have increased in number across the United States. The P3s facilitate administrations and private firms to merge with resources to accomplish projects and ensure that goods and services are provided to citizens (Savas, 2005).

The State of Texas has constructed numerous toll highways that are P3s. This implies that privatized companies do the construction of the highways and operate the tolls for a stated period until they gain the capital that they invested in the projects with profits. It is at this period where the government will be handed over the project as a new state highway or interstate (Savas, 2005).

Agreements at intergovernmental levels can be used as a means of tracking privatization outcomes that will ensure that the general public receives the benefit. This is because several local agencies do not conduct all the tasks as required and to the best of their abilities (Baig, 2017). However, government officials are not mandated to deliver services to the set standards as expected. It is, therefore, questionable that if local governments may not provide a benefit to the community then, why privatization contracts are required to create benefits to the government and are considered a failure if it does not (Savas, 1982). The Parish of Caddo, Louisiana, one of the parishes located in northwest Louisiana, employed outsourcing in 2008 through agreements between governments within the City of Shreveport, Louisiana. Shreveport is the largest city in Caddo Parish. The city had an adequate number of trained staff and well-accomplished building and inspection codes in areas of both commercial and residents to assist the Parish needs as well. This mutual agreement allowed the Parish not to create a building inspection office that would have been expensive (Parish of Caddo, Louisiana, 2017). Instead, it would keep costs low as much as possible. Agreement between governments embraces the provision of services to customers and assess requirements for performance. Agencies participating in outsourcing can add services and therefore gain more clients creating an increased revenue collection (Savas, 2005).

A 1995 United States Conference of Mayors meeting noted that water and wastewater services are the largest expenditures that communities face. With aging infrastructure and increase Federal mandates, communities seek tax increases. While those increases are not always enough, the communities often see privatization as a

possible solution. Private firms can often be more efficient than governmental organizations (Johnson & Walzer, 1996).

The examples referenced many risks and benefits for privatization in local governments. The thought of privatizing or outsourcing is not one that is made lightly. Privatization is a very complex decision and requires a decision-making process that fits the situation and the government type (Creamer, 2008)

Rich (2006), in his research on local government privatizing decisions in Michigan, utilized six small towns with town managers who reported to elective officials. Rich used the four types of decision models; (a.) rational, (b.) bounded rational, (c.) public choice, and (d.) contingency for his analysis. He noted that further research should be done to determine if a different style of government governance could produce a differing decision model (Rich, 2006). This study investigated the decision-making styles of small towns in Louisiana where the elected official, a mayor, governs the community.

Creamer (2008) noted in his research of decisions that the New Jersey Governor, Christine Whitman, made to outsource the Department of Motor Vehicles had taken place during a time when outsourcing was viewed as corruption by the general public.

Creamer used the four types of decision models; (a.) rational, (b.) bounded rational, (c.) public choice, and (d.) contingency for analysis. He noted that further research into decisions where there is political leadership exists for sustainability (Creamer, 2008).

Baig (2017), in his research on privatizing/outsourcing a government's need for road and bridge design services, provided continued data for practicing decision-makers in developing guidelines for outsourcing design services. Outsourcing services could result

in cost savings, which could be used to reinvest into other community projects resulting in social change, so thought Baig. Utilizing decision-making styles was not used in his research but Baig did note that the use of decision-making theories and styles should be used for further research of this type of topic (Baig, 2017).

Further, Osborne (2010), in his research in determining the relationship of goal-directedness and a manager's decision-making style, noted that further research should be done to determine the relationship between decision-making styles and organizational performance. Ward (2016) found a positive relationship between avoidant decision-making style and organizational performance existed in her study of entrepreneurs. This brings to thought if the same would be true in a government setting.

### **Statement of the Problem**

Privatizing and outsourcing in local governments are increasing due to the continued pressures of the citizens to spend less of the taxpayers' funds while providing more services to the communities they serve. The Federal government is pushing privatization as a mechanism for local governments to gain Federal dollars for infrastructure projects. The February 2018 United States Department of Transportation "The President's Initiative for Rebuilding Infrastructure in America" outlines local governments utilizing P3s as the best way to fund projects and gaining Federal dollars to assist (U.S. Department of Transportation, 2018). With these pressures, local government leaders who are usually not experienced in making complex decisions, such as privatizing can use decision-making framework assistance in making the best decisions possible for their communities. This study provides theory knowledge for execution by improving the quality of decisions made by the decision-makers. Research

in this study enables leaders to consider all options, benefits, risks, and ethics of privatization for high-value decisions.

### **Research Questions**

Theoretically, the idea of outsourcing of public entities, departments, and services makes sense but does not provide a substantial solution. This research outlines a hypothetical concept for privatization and considers aspects of the decision-making process. Conclusions were accomplished by analyzing local government data from a detailed research method considering the decision to privatize. Lastly, data with suggestions were provided to assist local Louisiana governments with privatization decisions. The potency of savings of costs as attested from contracting with other governments, not-for-profit vendors may rely on the prevailing conditions under which local administrators are more likely or less likely to opt on contracting from a specific contractor over another producer. As a result, the selection appears as a reflection of the perception of the relative efficacy of not-for-profit firms with little consideration on the influence of politics (Jang, 2005). Osborne (2010) added that decision-making styles affect the strategy managers use to determine an organization's future.

The three research questions were addressed in this study:

1. Which decision-making style (rational, intuitive, dependent, avoidant, or spontaneous) (Scott & Bruce, 1995) accurately outlines the government leader's decisions to privatize services or projects?
2. Does the decision-making style forecast the privatization outcome?
3. Does the size of government make any differences in decision-making styles utilized or privatization outcomes?



A product of this study is data that can be used to classify associations amid features that may inspire decisions of local administrations to privatize or not. Consideration of population, the type of government, and the perceived outcomes were included in this study. Bradbury and Waechter (2009) noted that analyses of the “existent pragmatic study” on the local administration infers that every public service qualifies as a candidate for privatization (p. 232). Wood (2012), in her research utilizing the Scott and Bruce 25 item questionnaire General Decision-Making Style (GDMS), found that quality decisions can be predicted when reviewing the actual decision-making style used.

### **Hypotheses**

The specific hypotheses evaluated by this research were:

**H1<sub>0</sub>.** Rational decision-making styles allow the privatization of services or projects to have favorable outcomes.

**H2<sub>0</sub>.** Intuitive decision-making styles allow the privatization of services or projects to have favorable outcomes.

**H3<sub>0</sub>.** Dependent decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

**H4<sub>0</sub>.** Avoidant decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

**H5<sub>0</sub>.** Spontaneous decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

**H6<sub>0</sub>.** Governments that serve more than 33,000 residents utilize rational Decision-making styles in privatization decisions.

**H70.** Government which serves less than 33,000 resident utilize intuitive, dependent, avoidant, or spontaneous decision-making styles in privatization decisions.

While in my capacity at the Parish of Caddo, Louisiana, I found the need for this research when requested to review our department, public works for effectiveness. So, The Parish of Caddo department of public works in 2012 accomplished research on the “rightsizing” of staff to a more effective size of staff to fit the actual level of work. The research determined three major work facets and contrasted these facets of raw costs with that of the for-profit contractor.

The activity of road pothole patching, ditching roadsides, and performing tree trimming were noted as the three major facets of concern, with about 96% of the entire tasks being performed. The remaining percentage comprised minor works such as grass cutting and maintenance which had already been largely outsourced by Parish several years prior and the dirt/gravel road grading activities. It was identified that with the number of workers and downtime, staff in the Parish were reported to be more than the expenses of the profit contractor by twice. Beginning in 2014, the parish used financial resources from two employees who had retired to outsource an activity of roadside ditching. The outsourced contractor, therefore, was able to accomplish the same task using the salaries of the two retired employees that an entire five-person crew could do. The chance of outsourcing secured the parish several dollars and hence opening more ways for outsourcing of activities and public works. It would have been beneficial to have decision-making style data available to utilize to assist in forecasting possible

outcomes. In retrospect, I wonder if the rational decision-making style used to outsource roadside ditching would have forecasted the experienced positive outcome.

### **Limitations and Delimitations**

This research was based on four assumptions. In the first assumption, the researchers assumed that each government agency in the sample has at least tried the concept of outsourcing, contracting, or privatizing. The second assumption was that the government agencies consisted of an elected mayor and city council. However, several hybrid types may prevail due to the cultures of governmental organizations. The third assumption was that respondents would complete the instrument honestly and completely. The fourth assumption was that the respondents completed the instrument voluntarily.

The idea of deficiency of outsourcing data, be it previous research studies or encountered case studies, was the largest limitation to the study. Past studies would give justification and cross-referenced resources during the study period. Failure to perceive the topic could contribute to another limitation that could be encountered by the study. However, educational publications utilized shared what privatization means. This study, while focusing on a strictly regional geographic area, could assist in the delimitation of the lack of data or failure to perceive the topic, as this is a close-knit area for communication and cultural ideals. During the United States presidential elections of 2016 and later a presidential executive order, there were some negative utterances regarding the idea of outsourcing, saying that it is the real action of sending jobs to other countries, not the actual outsourcing which entails contracting services and programs

with organizations that are situated within the local communities as stated by the research (Binder, 2019).

Additionally, the use of a survey service tends to limit respondents to those only with computer and internet access (Fortin, 2018). Decision-making is a process that may take place over a long period, with many changes before a final one is determined. Poor recall of details may affect the precision of responses (Osborne, 2010).

### **Definitions**

For this study, the terms are defined in this section:

*Avoidant decision-making style* is characterized as one that “attempts to avoid any decision-making” (Scott & Bruce, 1995, p. 820).

*Decision-making style* is a “learned, habitual response pattern exhibited by an individual when confronted with a decision situation” (Scott & Bruce, 1995, p. 820).

*Dependent decision-making style* relies on information from other individual’s input and guidance before making a final decision (Scott & Bruce, 1995).

*Favorable outcomes* for this study refers to the outcomes of decisions made by government leaders when making decisions on privatization activities. Outcomes would be considered favorable if the government proved savings in costs, higher quality in services, or a reduction in the role of that government when privatization activities were employed.

*Intuitive decision-making style* is a method of making decisions while relying on feelings and hunches (Scott & Bruce, 1995).

*Less than favorable outcomes* for this study refers to the outcomes of decisions made by government leaders when making decisions on privatization activities.

Outcomes would be considered less than favorable if the government proved no savings in costs, lower quality in services, or an increase in the role of that government when privatization activities were employed.

*Outsourcing* usually allows the government agency to retain the management of the service or project (Porter, 2008).

*Privatization*, also known as outsourcing, refers to the act of accepting other organizations to fulfill a service or a program that the contracting administrative agency would have initially performed (Bradbury & Waechter, 2009). Typically, privatization relies on a private institution or company to perform the work for the public entity (Johnson & Walzer, 1996). Privatization is the act of selling a service or creating a long-term lease of services to a private business for the opportunity to make a profit (Porter, 2008). Privatization can be devised through the classification of the various phenomena that are used in activities, although they vary from one scenario to another. It is typically elaborated through divestiture or load-shedding, contracting for goods, grants to the private parties, contracting for services also known as outsourcing, financing from third parties, quasi-governmental entities, vouchers, competitions in prices and the engagement of volunteers (Condrey, 2015). Privatization accepted for this study is the transfer of the opportunity to provide a specific public service from a public entity to a private entity or entities.

*Private-public partnerships (P3)* usually allows the government agency to turn over the management of the service or project to the private business for an opportunity to make a profit (Porter, 2008).

*Rational decision-making style* is defined as a method “characterized by a thorough search for and logical evaluation of alternatives” (Scott & Bruce, 1995, p. 820).

*Spontaneous decision-making style* is a “sense of immediacy and a desire to get through the decision-making process as soon as possible” (Scott & Bruce, 1995, p. 823).

### **Outline of the Study**

Chapter 1 outlined this study and provided a brief history of privatization. Chapter 2 provides a detailed literature review of privatization theory, theories of decision-making styles including: (a.) rational, (b.) intuitive, (c.) dependent, (d.) avoidant, or (e.) spontaneous (Scott & Bruce, 1995). Chapter 3 outlines the sample, criteria for the sample, the survey instrument, description of the data collection procedures, and details on the data analysis. Chapter 4 presents the data collected and the results of the survey instrument. Chapter 5 contains a summary of the findings of the research with conclusions, applications for practice and recommendations for future research on this topic.

## **CHAPTER 2**

### **REVIEW OF THE LITERATURE**

#### **Introduction**

The current chapter features a literature review that is focused on the nexus of privatization and decision-making. The current literature review features an exploration of privatization in theory and decision-making styles, including an exploration of the topics of (a.) rational, (b.) intuitive, (c.) dependent, (d.) avoidant, and (e.) spontaneous decision-making styles and ethics in decision-making. The literature review is intended to provide an overview of existing research as it relates to this study. Decision-making theories are multidisciplinary and have broad impacts across many fields, including the relationship between private and public decision-making bodies (Savas, 2000; Shiva, 2016; Sun, Tong, & Tong, 2002; Zhang, Parker, & Kirkpatrick, 2008). Simon suggested that decisions can be one of two types: day-to-day, requiring little or no thought, and far more complex decision-making that requires considerable use of mental resources. The privatization of government activities is generally considered to involve the latter type of decision-making (Simon, 1997). Research featured in the current literature review will consider the fact that the governments' decision-making abilities are based in part on Federal and State laws and organizational structures, which are different than private for-profit businesses. Therefore, there are clear distinctions between the operations and

Decision-making procedures of private and public organizations that impact how public services are delivered and public objectives achieved. Nevertheless, certain regulations and laws bound the decision-making processes of both public and private organizations and agencies. By concentrating on the distinctions between factors for decision-making between public and private organizations that fulfill public services and seek to achieve public objectives, the current literature review is intended to provide a foundation for understanding how privatization impacts public services.

There are many distinct definitions of privatization. All acceptable definitions concentrate on a distinction between the public and the private. Privatization is a transfer from the public to the private (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). The definitional distinctions tend to be concentrated on what exactly is being transferred (Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright, Hoskisson, Busenitz, & Dial, 2000).

Many argue that privatization is the transfer of ownership of assets to private firms (Shirley, 1992). Nevertheless, government contracting out public services to for-profit companies may not feature a transference of assets. At the very least, any transference of assets from public to private is merely a prerequisite condition for the operations of public services. It is the authority, jurisdiction, and opportunity to deliver public services that best defines privatization. Therefore, the definition of privatization accepted for the current work is the transfer of the opportunity to provide a specific public service from a public entity to a private entity or entities (Savas, 1982; Savas, 1987).



## **Privatization**

### **Privatization History**

Historically, governments have often relayed contracted services to private parties, and King Ferdinand contracted with Christopher Columbus to find another trade route to India when he found North America (Johnson & Walzer, 1996). In colonial North America, the distinction between private and public was blurred as authority derived from European powers was limited for practical purposes and the establishment of governments relied heavily on private organizations such as churches and trading companies (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). The operations of municipal governments, too, relied on strong cooperation with private individuals and organizations, creating an interdependence between public and private entities. While privatization and outsourcing in North America proliferated during the revolutionary war, the concept of outsourcing public services such as road building and maintenance, keeping public order, and court functions had long existed in Western and Eastern cultures. Many of these public services had been outsourced during the Middle Ages, suggesting that governments have long been dependent on privatization for the fulfillment of public services. Later, the English public-private governance granted kings the ability to outsource, local governance, public order, courts, and tax collecting. Such English public-private governance transitioned to the laws of the American colonies, helping to establish private and public interdependence throughout U.S. history (Freeman & Minow, 2009; Johnson & Walzer, 1996).

American colonization relied on legal traditions carried over from England, though many early colonies developed unique systems of government and laws in direct

response to what was viewed as faults in the English legal and sociopolitical systems. Such laws allowed for private individuals or companies, which had the same mutual objectives as the public, to care for lands, minerals, and ports in turn for revenue back to the public agencies. The provision of land in the American colonies was dependent on establishing revenue networks between the British, for example, and the colonists (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). The British used this concept though out all their colonizing efforts across the globe. One of the largest early American public-private partnership was New York City “waterlot” grants. The City granted private companies to develop in undesirable properties along the water trusting that these companies would, in turn, build infrastructure allowing for future development and revenue streams for the City (Freeman & Minow, 2009).

The role of private industries in delivering public services has been extensive since the founding of the U.S. (Bonin, Hasan, & Wachtel, 2005; Estrin, Hanousek, Kocenda, & Svejnar, 2009; Kohn, 2004; Ravitch, 2013; Spicer, McDermott, & Kogut, 2000). The controversies associated with private industry entanglement with public services have also persisted since the founding of the U.S. with early private utility companies being accused of price-fixing and exploitation. It appeared that not only public organizations benefited from these partnerships but corporations did as well. Before the 19<sup>th</sup> century, 335 corporations were chartered in America with 219 being turnpike, canal, and bridge companies. Another 36 contracted water, fire protection, or port facilities and services. Such companies built the majority of the United States’ infrastructure using public-private partnerships. Later, private businesses moved from infrastructure projects to programs like law enforcement and the court systems. Early in the twentieth century,

private firms transitioned even further into the public by performing education, health care, and even social insurances. These created a quasi-public-private firm like Fannie Mae and the Federal Land Bank. The intersection of private and public has become blurred with the emergence of quasi-public-private firms. Such firms are bound to more regulations and laws than private firms but are much more independent than public agencies (Freeman & Minow, 2009; Savas, 2000).

One of the most impactful movements towards outsourcing in the Federal government arose with the passage of the Bureau of Budget Number 55-4 in 1955. Congress passed the Bureau of Budget Number 55-4 that required the governmental departments to rely on private sector firms for goods and services, in turn, not becoming competition for those private firms (Johnson, 2008). This form of privatization created and maintained private markets in certain industries by governments divesting from such industries. Even today, there are major political pressures towards privatization and, in particular, the creation of private markets for the fulfillment of certain public services (Dayen, 2016).

### **Privatization Types**

Privatization refers to public services becoming transferred to private companies, such as through government contracts or private companies replacing government organizations in the fulfillment of certain public services. There are several forms of privatization and several different ways to categorize privatization (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). One of the most common ways to classify privatization is through the categorization of the actual public services or the supporting mechanisms behind such services. Therefore, privatization can be classified into one of

two categories: (a.) outsourcing of core value chain operations and (b.) outsourcing of support activities. Examples of core value chain operations are like (a.) public works, (b.) animal control, and (c.) facility and maintenance while support activities are like, (a.) IT, (b.) human resources, or even (c.) finance (Cox, Roberts, & Walton, 2011).

Incorporated in 1996, the city of Weston, Florida, encompasses nearly 26 square miles and immediately served approximately 60,000 residents with only three in house employees (Bradbury & Waechter, 2009). Weston Florida utilized both the core value chain and the support activities approach. Many other governments only seek to privatize the supporting activities while maintaining total control over the core value chain for the value provided to the public. In this way, the privatization of the core value chain is often viewed as giving too much control of essential public services to private companies, regardless of the regulations and restrictions imposed on such companies (Bradbury & Waechter, 2009; Savas, 2000).

Another case of privatization occurred in Sandy Springs, a city in northern Georgia, the sixth-largest city in the state, serving a population of 93,853 in 2005 and encompassing an affluent 37 square mile area. With a mayor and six city council members, Sandy Springs implemented a major privatization effort that featured several of its public service operations passed on to private companies and opened up for private competition. The leadership in the city established a new municipal government in 2005 that was aimed at restructuring its public services because of high operating costs, potential corruption, and poor efficiency (Porter, 2006; Zhang & Sun, 2012). Four service delivery options were considered: (a.) to create and staff in-house public service programs; (b.) contract with the county for all public services, (c.) contract with other

municipalities in the areas for public services, or (d.) contract with private firms for all public services. City leaders estimate that more than 700 employees would be needed to deliver all services in house and more than 100 if intergovernmental agreements were primarily relied on. Ultimately, Sandy Springs adopted a mixed delivery strategy whereby all four options are utilized (Bradbury & Waechter, 2009). Sandy Springs is an example of privatization based on the benefits of financial stability and service quality assurance. The Sandy Springs municipality established its public services through a combination of contractual partnerships and services provided by the municipality and other government bodies. Effectively, the city maintained a core of employees to serve crucial public services and utilized the support of county and local municipalities to supplement such crucial services. Finally, the city privatized many of the secondary or supportive functions of public services, allowing for the efficiency of private organizations to minimize the costs associated with maintaining public services (Porter, 2006).

The early focuses of privatization were to reduce costs and improve efficiency through the allowance of private bodies having greater control over the public services they delivered (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). Cost savings and labor arbitrage were among the most important factors for privatization. More recently studies have suggested; however, that access to highly skilled talent is becoming a major outsourcing or privatization driver, while labor cost continues to be an important factor (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Some scholars and articles in the business press have even suggested that a “global race for talent” has begun

and that recent privatization trends reflect this phenomenon (Manning, Massini, & Lewin, 2008, p. 41). In a few small cities and counties in North Carolina, they have begun to contract with the best talent they can find at the top position, city and county managers. This trend takes place in one of two forms, (a.) hire newly minted masters' in public administration graduates or (b.) secure the retired proven managers at reduced pay structure. This theory is drastically different from Sandy Springs and Weston as these communities retained their in-house services but just replaced the top positions (Bradbury & Waechter, 2009).

Quasi-governmental entities refer to entities that have the possession of both private and public sector legal attributes. It is a facet that is attained through the process of chartering of entities with prescribed duties being put in place (Hodge, 2018). Quasi-governments exist in various forms, which include government-sponsored enterprises that are chartered congregationally with not-for-profit corporations. Quasi-governmental entities qualify to be a form of privatization following the fact that they create alternatives solutions for agencies that complete services that are usually fully governmental. Quasi entities represent private vehicles that are used to achieve objectives that are being declared to be governmentally good. In most cases, several policymakers are being attracted to be part and parcel of quasi entities due to various reasons which include the popularity of the perception that the private sector has more efficiency compared to the government and the constraints that are related to budgetary reductions. The Government Owned Contractor Operated (GOCO) amenities are the most known species of quasi-governmental entities despite the little prevailing distinctions such as

GOCO facilities being established to produce goods and services that are consumed in the government sector and not for private consumption (Dayen, 2016).

Privatization can be categorized along various other dimensions than core services and supplemental services (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). In particular, privatization may be viewed as occurring on one of two levels: urban or rural. Contracting out services has been a way to decrease expensive labor or equipment and liability for small rural communities (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). Larger communities utilize outsourcing and privatization to cut costs and improve the quality of services (Johnson & Walzer, 1996). Each level provides benefits for the community. In urban communities, the opportunities for privatization are much greater because more private companies can fulfill public services and complimentary services. Many urban governments, however, have developed strong infrastructures and efficient management, which deters privatization (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Nevertheless, for those municipalities that have struggled to maintain cost-effective and efficient public services, privatization is generally a viable option. In contrast, rural areas tend to require more privatization as per-capita tax generation tends to be lower and low economies of scale make delivering public services more expensive (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). However, rural areas have the fewest opportunities to privatize because of the lack of established major organizations in rural areas. Therefore, it is not uncommon for rural municipalities and counties to share public services or privatize public services on a cross-municipality or cross-country level, providing sufficient

opportunities for private organizations to generate profit while maintaining economic and operational efficiency (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000).

### **Privatization Benefits**

The privatization of public services has created many additional opportunities for minority groups to utilize their skills and abilities to serve the public with entrepreneurial opportunities. Often, minority groups who have been plagued by high unemployment benefit from public programs that promote additional hiring and contractual opportunities for minorities. Therefore, privatization in the form of contracting out public services to private businesses provides the opportunity for governments to implement their diversity programs, offering additional opportunities for minority groups (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008).

Privatization tends to connect the demands of consumers to the services provided by a company. For example, privatization can lead to companies seeking to serve better customers, well-beyond the minimum guarantees that government services often provide. The privatizing of certain medical services and health insurance can lead to additional services and insurance options being provided to consumers (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000).

In general, privatization is expected to improve the efficiency of the delivery of a specific service (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Privatization allows leaders to organize operations more like a business than a bureaucracy (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). The result, then, is often a less-regulated and more



focused operation, one that can fulfill its obligations without major limitations. A major example of increased efficiency in privatization is the hiring of productive private for-profit organizations. Private organizations tend to be able to hire better talent and management, leading to better services offered and fewer problems (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000).

The lack of political interference is a major benefit of privatization (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Changes in elected officials can lead to major swings in the operations of public services. From regulations to deregulations and back, public services can face major political interference and instability (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). The private operation of public services tends to eschew such political interference, as there tends to be more stability in leadership and the specific operations of privatized public service operations. While private organizations may still be subject to some political interference, such as from industry-wide regulations and changes in public funding, compared to the public operations of a specific operation, a privatized public service faces much less political interferences and thus many fewer sources of instability (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). In publicly-owned operations, decision-makers tend to be subjected to more political interference and influence, as well as have shifts in positions due to appointments and sudden shifts in leadership. Similarly, privatization can promote long-term interests, rather than just short-term interest. Certain public operations may be focused on providing immediate results to bolster re-election chances (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). In contrast,

privatization can lead to public services being focused on the accomplishment of both short-term and long-term objectives, ignoring election cycles and political concerns. Again, public funding for privatized public services still tends to fluctuate with political cycles (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Even so, the specific decision-making processes of privatized public services tend not to be bound by political cycles (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000).

Privatization can also promote competition within public services, which can create more opportunities for innovation and reduced prices for consumers (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). The risks associated with privatization will be discussed later. Nevertheless, it is important to recognize that many of such risks can be mitigated through targeted regulations, constraints, and interventions (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). Consumers should have more than one source of supply to mitigate some of the negative effects of markets and vertical integration by maintaining both internal and external providers. Privatizing part of the workload for any public service to an external provider or allowing internal staff the option to use an external provider can create incentives for the staff to control costs and improve performance by exposing it to market conditions (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). Retaining some capacity internally can allow staff to maintain competencies needed for effective sourcing decisions, retain some leverage over external providers, and maintain surge ability (Yukl, 2010). In general, monopolistic business activities for public services should be avoided. Preventing

monopolistic business activities, however, can be quite difficult for governments. After all, many government contracts are dependent on a single private organization, creating monopolistic conditions. In order to prevent monopolistic conditions from forming, governments must be vigilant in their regulations, requirements for the provision of public services, and restrictions on profits. Nevertheless, providing the opportunities for a single business to dominate a particular market, especially a public service market, will generate opportunities for the business to generate high profits or at least pay its executive-level employees very high wages (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000).

One of the major benefits of privatization is the quality of the workers employed (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). While governments can secure quality hires in important positions, private companies have more opportunities to secure better educated, more experienced, and more qualified candidates, particularly through the provision of greater incentives. More importantly, private organizations have fewer disqualifying factors for employment (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Therefore, private organizations have a wider range of candidates to choose from for employment. Research suggests that the quality of human capital is very important to the performance of any organization especially as it relates to highly technical and complex tasks (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). The result is that improved talent can lead to stronger organizational performance. The greater opportunities for hiring quality candidates is a major advantage of privatization (Yukl, 2010). Governments tend to be quite restricted in who they can hire

and have certain quotas and conditions that must be met. This can result in less talent being accrued. Also, leadership positions in public organizations and agencies tend to pay significantly less than leadership positions in private organizations. Concerning leadership specifically, privatization can generate more opportunities for establishing strong leadership behind the delivery of public services (Estrin et al., 2009; Savas, 1982).

The quality of services delivered is another major factor for comparing services delivered to the public (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). After all, higher quality services may improve the lives, safety, and security of populations. In general, private for-profit businesses can deliver services at lower costs and of better quality than public organizations. While this relationship does not always hold, there are several reasons why it typically does. First, private organizations have access to a larger talent pool and are generally able to hire better leaders (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). Second, private organizations are not bound by the same regulations and restrictions as public organizations, which tend to be tightly controlled. Because of a lack of restrictions and controls, private organizations can maximize quality. In general, freedom from constraint allows organizations to concentrate on the best possible structures, organizational cultures, and processes to improve the quality of services. Third, private organizations can utilize additional networks and partnerships to maximize the quality of output that customers receive (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). For example, a private organization that operates the energy structures for one municipality may be particularly suitable and resourced to maximize the value of public services offered for another municipality. After all, such an organization will have developed the

networks, partnerships, and connections to supplies to operate more efficiently and deliver higher quality services. For these reasons, the privatization of a particular public service is expected to improve the quality of service. As will be discussed in the risks, this result is not guaranteed and, when it occurs, can be coupled with significantly higher costs to consumers (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000).

There are numerous cases of the privatization of a particular public service leading to improved quality of service. One case in which this occurred is that of CH2M Hill. CH2M Hill is a private for-profit engineering business in Sandy Springs, GA. As part of the Sandy Springs municipality efforts to privatize many of its public services and improve cooperation between other local municipalities and its county, Sandy Springs outsourced many of its public services to improve the quality and efficiency of services. The results were strongly positive for Sandy Springs. In particular, CH2M Hill delivered higher quality and more efficient services for 25% less cost than the City of Sandy Springs offered before. By increasing the efficiency of operations and working with the companies many partners, CH2M significantly decreased the operational costs of the public services and improved the delivery of such services to consumers in the municipality. This case study revealed the major inefficiencies in the Sandy Springs operation of public services. Such inefficiencies are considered common in the public operations of public services. Research suggests that most government operations carry similar inefficiencies including increased employee costs, retirement programs, and poor performance (Porter, 2006).

A major distinction between private and public organizations concerns motivation. Performance is not strongly tied to incentives for employees and leaders in public services (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). In contrast, private for-profit business is motivated to perform better because there are strong incentives tied to performance. Private businesses are more likely to terminate employees who are not performing well. Also, there are often positive incentives tied to strong performance for managers and even employees in certain cases. Such incentives promote stronger performance, thus increasing the quality and efficiency of public services. Businesses with government contracts can be held responsible for poor quality or performance resulting in possible reduced compensation or termination (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). Therefore, private business is driven for the potential of profit from services rendered as well as from the possibility of being released from their contract and replaced with a competitor (Porter, 2006). Motivation at all levels of a private business, then, tends to be higher than the motivation to perform at the same levels in a public organization (Savas, 1987).

Another major distinction between private and public organizations is that they are bound to different hiring practices (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). As mentioned earlier, public organizations are restricted by regulations and laws regarding the hiring and firing of certain employees. However, there are also major restrictions on the processes regarding the structure within organizations that may impact the hiring processes and the duties of employees. For example, public organizations tend to be restrictive in crossing-over or overlapping positions, duties, and responsibilities. Private organizations, in contrast, are generally allowed to have executives who work in

other positions in other divisions or even for other subsidiaries. The greater flexibility in hiring temporary or even more technically trained employees during a contract also provides private organizations significant advantages over public organizations.

Governments typically hire full-time employees and must maintain such employees even when workloads decrease. The inability of specific public organizations to outsource specific duties and positions tends to create inefficient positions and inadequately skilled employees. Hiring technical employees to fill certain temporary duties and being left when those technical duties decrease is a major source of inefficiency for public organizations (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Private for-profit businesses, in contrast, are better able to hire and lay off employees based on the specific needs of the organization. In most cases, private business has the flexibilities to move personnel and equipment from project to project even outside of the government's jurisdiction (Porter, 2006). Not only the flexibility for employees but the flexibility of purchasing in the private sector versus the encumbrances of the public sector is a great benefit (Porter, 2008).

Several other political dimensions can disrupt the ability of public organizations to deliver public services. The general freedom from political pressure exerted on private business creates major opportunities for more advanced and focused strategic goals. After all, public organizations are subject to the goals set by a particular political body, yet, such goals may not align directly with consumer values, as such values tend to change over time. For example, if water usage is increasing rapidly within a municipality, then consumer demand for water will be increasing. In cases in which public organizations

have set goals for water production and delivery, there may be serious incongruences between the target production and consumer demand. Private companies, in contrast, can adjust their goals without waiting for policy adjustments caused by political protection (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). For private organizations, if the procurement process is completed correctly, all political influence should be eliminated. Therefore, the business should be able to complete its mission without the influence of the government's politicians and a strong reliance on the objectives set by politicians. Political independence, then, is a major benefit of privatization (Porter, 2006).

As has been shown in this section, privatization involves much more than simply transferring the responsibility and opportunities to provide service from one organization to another (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). Rather, privation involves the transfer of an organization from a highly regulated and controlled environment to an environment that is relatively free from constraint. Privatization tends to promote leadership and technical abilities, combined with innovation and creativity (Porter, 2006). Besides, the freedom from constraint tends to promote improved connections between the market that is served by a particular public service and the provider of such service, such that the service provider can more easily adjust operations to meet a specific set of goals and objectives. The flexibility in approaches to private business provide additional opportunities for privatization to meet the needs and preferences of consumers. Most often, private organizations are also better suited for handling the complexities of delivering public services. After all, private companies can hire better talent, contract out



temporary work, maintain part-time positions, enact a wider range of strategies and operations, and maximize cost efficiency (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). While not all cases of privatization prove successful, as the next section will highlight, there are good reasons for privatization in certain cases.

### **Privatization Risks**

Much of the major criticisms of privatization stem from the loss of control that the public has over public services when privatization occurs (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000). The act of privatization minimizes the influence of government representatives and the electorate over the operation of particular public services. The loss of influence can lead to many benefits, but can also lead to major risks. As Dayen stated, “Privatization increases inequality, limits transparency, and often ends up costing us more in the long run. We also give up control of crucial public goods and services like education and water. The American people should decide how we spend our tax dollars, not corporations” (Dayen, 2016, para. 13). There are major risks associated with privatization, including the notion that private interests will outweigh public interests. For example, there are major worries that private organizations fulfilling public services will prioritize the maximization of profit over serving the public (Savas, 1982; Savas, 1987).

Privatization tends to include the possibility that the private companies operating public services will exploit consumers through record profits or paying administrators extremely high salaries (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). The result of such exploitation is higher prices paid by consumers. Mentioned earlier was

the fact that privatization can lead to better hires because of increased incentives that can be offered to employees and managers, as well as the lack of regulations (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). However, this can also significantly increase the operating costs of a particular service. Another major risk of privatization is the prospect that the decision-makers in the private companies will provide favorable partnership deals with members of their professional network. While this may not be viewed directly as exploitation, giving favorable deals to one's professional network will also result in consumers paying higher prices (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008).

The controls that are in place for government agencies and organizations, especially through bureaucratic and regulatory controls, can limit the freedom of organizations to adapt to changing conditions and decrease efficiency, as mentioned earlier (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Spicer et al., 2000). However, such controls tend to serve to protect a specific set of operations from violating law, either domestic or international. Domestically, such controls can be implemented to keep operations focused on the accomplishment of a set of goals without violating the law or causing undue harm to populations. The privatization of public services leads to fewer of such controls, thus limiting the strategic constraints on decision-makers. Freedom, then, includes the greater likelihood of the violation of domestic law (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Savas, 1982; Savas, 1987; Wright et al., 2000).

Concerning international law, there are relatively few major forms of enforcement and policing (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner,

2004; Megginson & Netter, 2001; Wright et al., 2000). Nevertheless, violations of international law can erode the international system and diplomatic efforts, which may damage the process that allows for multilateral agreements and cooperation. Privatization tends to promote the violation of international law much more than public control of services. Private actors fulfilling public services are much less likely to be constrained by those, as mentioned earlier, regulatory and bureaucratic controls. While public actors fulfilling public services may still violate international law, the regulations and bureaucratic processes in place tend to thwart any actions that may be considered violating international law. The clearest example of the distinction between public and private actors in violating international law is the hiring of mercenaries (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). As mentioned earlier, mercenaries can serve additional functions than a nation's military, given the greater latitude and freedoms of mercenaries in accomplishing their objectives. However, such latitude and freedom come with major risks, especially concerning the violation of international law. Mercenaries are much more likely to violate international law (Percy, 2007). The use of mercenaries in most militaristic situations is considered a violation of international law in itself, due to the international response to mercenaries violating domestic and international laws (Brayton, 2002).

While privatization can create greater opportunities for competition, privatization can also lead to monopolistic behavior that is sanctioned by the government (Savas, 2000; Shiva, 2016; Sun et al., 2002; Zhang et al., 2008). For example, municipalism granting control over energy services to a single private company may improve efficiency, but also monopolistic behaviors. Even if there are regulations that are intended

to prevent private companies operating public services from monopolizing such services, the freedoms that arise from privatization can promote monopolized behaviors, such as price-fixing and cutting costs at the expense of consumers (Bonin et al., 2005; Estrin et al., 2009; Kohn, 2004; Ravitch, 2013; Savas, 1982; Savas, 1987; Spicer et al., 2000).

Privatization can also decrease the generation of government revenue. Many government services generate revenue. Privatization strips any opportunities for governments to generate revenue, instead passing the revenue-generating opportunities to private organizations (Büthe & Mattli, 2011; Gomez-Ibanez & Meyer, 2011; Hefetz & Warner, 2004; Megginson & Netter, 2001; Wright et al., 2000).

Staffing can be a major issue for both public and private organizations. For public organizations, regulations and restrictions on staffing can dictate staffing decisions and limit the ability to fire employees. For private organizations, staffing costs can get excessively high, and keeping a low turnover rate can be quite difficult. In general, staffing is considered an advantage for private organizations. However, research has shown that in a majority of jurisdictions, employee staff is not reduced when privatization or outsourcing activities take place (Johnson & Walzer, 1996). This would suggest that many of the same risks associated with public staffing are common to private staffing as well. Balancing staffing concerns can be similarly as difficult for private organizations as public organizations (Savas, 1982; Savas, 1987).

One of the benefits mentioned above of privatization is that it can promote the employment of minority groups. However, research has shown that the privatization of public services has not affected the employment of any minority groups (Savas, 2000). There may be reasons to believe that privatization may increase the gaps that have

emerged between racial and ethnic groups in the U.S. Public organizations, such as government organizations, are generally bound by stricter rules regarding the hiring of minority groups. Therefore, privatization may decrease such incentives (Pittman, 2003). The current research on the topic is inconclusive, nevertheless. More research is needed to determine the relationship between minority employment and privatization, as well as any potential confounding factors in this relationship.

An important risk for privatization involves the maximization of productivity and efficiency, not translating to the public good. The problem identified here is that privatization promotes certain outcomes, but perhaps at the expense of others. For example, even in cases in which privatization decreases the prices that consumers pay for public services, it may be doing so by outsourcing the majority of jobs remotely, decreasing employment in a particular area. Such privatization risks are difficult to calculate and analyze but can be best viewed from a consideration of the relationship between opportunities and rights (Savas, 1982; Savas, 1987).

### **Decisions to Privatization**

Decisions to privatize are based on several factors, especially concerning weighing the costs, benefits, and risks. Most often, however, privatization options are explored after the failure of particular public services. For example, a failing electricity service in a municipality may transfer ownership and appropriations to operate electricity services in the municipality to private organizations or contract such services out to a single organization. Most often, the successful integration of privatization requires utilizing the appropriate decision process (Yukl, 2010).

Finding available private organizations that are capable of operating a particular public service is a major factor in the decision to privatize. Most local governments do not enjoy the opportunity to have human resource firms within the area to service the contracts. This is especially true for rural municipalities. Nevertheless, if they do possess opportunities with non-profits, professional firms, or other regional governments, organizations would need to complete a feasibility study consisting of at least three questions, can the market sustain the proposed outsourcing, can the governmental organization complete the venture, and can the governmental body legally do this (Johnson & Walzer, 1996; Savas, 1987). Sandy Springs, Georgia, used third party viability studies to determine if the city could succeed, assure the state legislature of the economic viability of the city, and assure the citizens that outsourcing activities would not result in unreasonable taxes (Porter, 2006).

The first step towards privatization is local governments conducting analyses of the market to determine if available resources are available and ranking them accordingly. Strategic planning by governments on what services or products to offer must be considered and involve decisions on the way to obtain required financial resources (Yukl, 2010). A limited number of potential bidders can inhibit the proposed bidding process for a small community (Johnson & Walzer, 1996). Higher bid costs can result from fewer companies submitting and that the ones who do will add premium for possible risk (Porter, 2006). Government leaders have an opportunity while completing their study may find ways to increase the performance of multiple operations at the same time (Yukl, 2010). Comparing what other cities, parishes, and government agencies do is a good way to see what works and what does not (Porter, 2006). In completing their

research, governments rely on multiple sources of information on possible partnership's abilities, quality, and performance. They then determine if any potential firms fit the desired goals for the service or program attempting to be outsourced (Yukl, 2010).

The second step is for the government officials to determine whether if capable resources are available for contract negotiations with execution and performance inspection. If the town or parish does not retain those abilities, it will be very difficult for it to be able to outsource any department or service effectively (Jang, 2005). An established monitoring and reporting system is vital to the success of any outsourcing or privatization process (Johnson & Walzer, 1996; Savas, 1987)). There is growing empirical evidence that the achievement of efficiency and effectiveness relies on the management capacity of local government agencies and public sector managers (Jang, 2005). Considerations will need to be given that a contractual arrangement can be effective but the service provided is not (Johnson & Walzer, 1996).

Finally, the results of the feasibility study will determine whether outsourcing for a particular service or department is even legal for the government to perform. State law or parish ordinances may hinder any outsourcing program if the legislation binds it from being implemented. This is the reason small communities competitively bid contracts for outsourcing. The fear of existing employees losing their jobs can make it more difficult for outsourcing or privatizing existing services than new services or projects. Governments could benefit from innovations and advances in productivity that private firms often present to lower costs. These efforts ultimately may provide a high-quality product with a reduced financial liability to the taxpayers (Johnson & Walzer, 1996; Savas, 1987). Crestwood, Illinois, has been able to provide a rebate on property taxes

with the use of privatization efforts. In many cases, contracting a service or department allows the organization to focus on another part of the mission (Johnson & Walzer, 1996).

Upon implementation of a privatization plan, a review of the desired outcome may determine that outsourcing the higher paid jobs are better for innovation improvements while lower-paid jobs may need to be retained for continuous customer service. Strategy implementation may require modification of systems, organizational structure and management programs. In some cases, contracts with existing organizations may need to be renegotiated or discontinued. During the entire process, decision-makers will need to be careful not to become biased with direct interaction with employees and operations. Often observers can become so involved in the process that they risk being objective (Yukl, 2010).

### **Privatization Law**

Many local towns and parish governments in Louisiana can outsource or privatize just about anything they want as long as they follow state regulations. There are different regulations for different parish services. Public works departments, for example, are obligated to follow the bid guidelines set forth by Louisiana RS 38:2211, which allows for governments to bid out any project or function at any price but mandatory for any capital or maintenance project work over \$150,000 (Louisiana State Legislature, 2019). Public works departments are responsible for the design and construction of roads, bridges, drainage, and even water and sewer projects. So virtually any proposed construction or maintenance project is open for outsourcing (Savas, 1982).



Any building facility and maintenance function and most other parish services operate on a different regulation where they can publicly bid any operation or project or they may submit for requests for qualifications in order to negotiate a contract for services. RS 38:2211 also allows for proposals for performance contracts where companies can propose services or projects that will be completed with compensation derived from the energy savings (Louisiana State Legislature, 2019). The public sector has followed the trend set by the private sector and, now, information technology (IT) outsourcing is one of the most important outsourced activities by governments with contracts worth over \$2 billion (Cox et al., 2011).

### **Research Studies on Privatization Decisions**

Carron (2012), in his study, wanted to find out “How to do the factors of population, region, the form of government (FOG), and service type affects privatization as a policy output” (p.12). His research built upon the data collected by the ICMA (International City Managers Association). Every five years ICMA publishes data from its members about alternative service delivery. The data can be used to gauge what services are being privatized or outsourced by different governmental agencies. Carron used the 2012 ICMA Alternative Service Delivery data as a starting point for his research. ICMA breaks down the differences between governmental organizations based on population, regions, forms of governments, and service types being privatized. ICMA provides for 1,599 respondents. Carron (2012) started with descriptive statistics on each measure (a.) population, (b.) region, (c.) FOG, and (d.) service types. These statistics provide a foundation for understanding the depth of the information provided. Carron continued with cross tab analysis between each measure. Pearson Chi-Square and

Cramer's V-tests were utilized for determining any relationships between measure points. Carron's findings found that (a.) population, (b.) FOG and (c.) region had no relationship with privatization as a policy output. However, his findings do provide a framework for practitioners for possible privatization as a policy option with guidance on which service type would tend to be best to privatize with success.

Baig (2017), in his study, went a bit deeper than Carron while researching the decision-making while outsourcing or privatization core governmental services. He used a qualitative study interviewing 20 governmental decision-makers on privatizing services. Baig transcribed all interviews and utilized a van Kaam method to analyze the data. Lastly, NVivo-8 qualitative software was used to identify themes in privatization from the respondents. The results show that the privatization of core governmental activities was acceptable and desirable in most cases. It was suggested that more research be done about decisions versus privatization within larger organizations. The combined research data could be compiled in a database for reference to assist decision-makers in completing beneficial decisions as it relates to privatization activities in their communities.

In 1995, Governor Whitman of New Jersey privatized the State's Department of Motor Vehicles (DMV). Creamer (2008) was interested in the decision-making that the governor used to make this very important decision. So he developed a questionnaire utilizing a six-step classical decision-making model. The research was to provide an understanding of decision-making as it relates to privatization activities. This information could then be used to assist future decision-makers in determining decision-making skills to provide positive outcomes. The sample of this qualitative study was ten

people who were involved at different levels of the decision-making tree of this privatization act. The data from interviews and questionnaires were triangulated with secondary sources such as published literature as this process took place. Data from Creamer's (2008) interviews and questionnaires were transcribed and Nvivo7 software used to code the data for conclusions. It was determined that Governor Whiteman utilized the rational decision-making model for the privatization of the New Jersey DMV. Creamer noted that with improved decision-making, outcomes of privatization activities would enhance the success rate. Like Baig, further research into the decision-making process as it relates to problems with privatization activities was recommended to ensure future successes.

While Baig and Creamer were interested in the decision-making process as it relates to privatization, Rich (2006) wanted to assist public officials in providing higher quality decisions to privatization. Rich completed a case study research considering six similar towns in Michigan. These towns all had city managers as decision-makers and had relatively the same populations. The research consisted of an interview with a question that was coded into one of the four organizational decision-making models (a.) rational, (b.) bounded rational, (c.) public choice, and (d.) contingency. The interview questions were also triangulated with meeting minutes, new articles, and other records to provide depth in data. Finally, a macro analysis with pattern matching capability was utilized to determine correlations with the models of decision-making. The conclusions were that the six towns were split on two models, rational and public choice. Rational decision-making consists of using all information available to make an educated decision. Public choice decisions based on the opinions and decisions of the public, in general,

were predicated in most cases, as this is small-town governments. Rich recommended future research into decision-making with non-city managers but with elected officials and in other regions of the country as well.

Pittman (2003), also like Rich, Baig, and Creamer, was interested in the decision-making process of higher education leaders to privatize campus services. He utilized a qualitative study to provide information to campus leaders to create decisions in privatization to be beneficial to the entire organization. The sample was ten higher education leaders who answered a questionnaire from a telephone interview. The responses were closely associated with decision-making models. The data collected was then categorized according to the Goldstein decision model. The results suggested that higher education leaders did not utilize the Goldstein decision model when privatizing campus services. Instead, it appears that a more rational decision-making approach was used. Ironically, though, the outcomes of privatization versus self-operate showed to be of very little differences. The decision-making model was similar to Creamer and Rich but with a difference in outcome benefits. Pittman continued with future research suggestions that should consider Goldstein's model closer to rational decision-making. This future research should be a quantitative study that could provide a greater volume of data to shed a brighter light on this privatization of campus services.

### **General Decision-Making Styles**

General decision-making styles have no clear trends that match any other decision-making style. The classical decision process is (a.) problem identification, (b.) development of alternatives, (c.) evaluation of alternatives, (d.) selection of solution, (e.) implementation of a solution, and (f.) evaluation of solution (Bayram & Aydemir, 2017). Today, the classical decision process matches most closely with the rational decision-making style. According to Bayram and Aydemir (2017), decision-making plays an important role in the life of people. Scott and Bruce (1995) reviewed the literature and reported two earlier definitions of decision-making style: a habitual pattern individuals use in decision-making, and individuals' characteristic mode of perceiving and responding to decision-making tasks. Decision-making style is called a situation that includes the approach, reaction, and action of the individual who is about to make a decision. There are five different decision-making styles; (a.) rational, (b.) intuitive, (c.) dependent, (d.) avoidant, (e.) spontaneous. Individuals generally have different levels of all five styles, although one style is usually dominant. While many individuals fall under a specific decision-making style or may be best characterized by two distinct styles in certain circumstances, many others have no distinct style and fall under the category of having a general decision-making style (Allwood & Salo, 2012; Bayram & Aydemir, 2017; Scott & Bruce, 1995).

### **Rational Decision-Making Style**

The rational decision-making style is based on the collection of information, the interpretation of information, and the application of logic and values to determine the most likely outcomes for any particular decision and those outcomes that produce the

greatest amount of value. Many individuals have decision-making styles that favor risky behaviors. For example, travelers tend to make decisions that are less risk-averse, especially thrill-seekers and adventurers. Meanwhile, certain individuals have decision-making styles that promote quick decision-making, as opposed to more deliberate and reflective forms of decision-making. Travelers, thrill-seekers, and adventurers tend to make decisions more quickly, suggesting that they are less introspective and deliberate in their decision-making (Atadil, Sirakaya-Turk, Meng, & Decrop, 2018; Bavolar & Bacikova-Sleskova, 2018).

Planning is a major characteristic of decision-making style. Some individuals plan more than others, and some are more effective planners than others. However, there are many different types of planning. There is evidence that certain formal planning mechanisms, such as writing strategies and preparing calendars, are effective while others are not (Elbanna & Elsharnouby, 2018). Many characteristics and features shape decision-making styles. Rational decision-making styles tend to reflect an introspective, analytical, utilitarian, and holistic approach to decision-making. Rational decision-makers tend to take a bit longer to make decisions. In many cases, rational decision-makers are concentrated on maximizing value and the accomplishment of specific goals. Therefore, rational decision-makers focus heavily on avoiding emotional complications and undue influences on the decision-making process (Kumar & Gautam, 2018).

Learning styles can also impact decision-making. In particular, learning style shape the approaches that individuals take for the acquisition of knowledge. Learning styles can also impact the speed at which individuals make. Certain learning styles promote the fast acquisition of knowledge, allowing for quicker decision-making.

Meanwhile, certain learning styles promote slow learning, leading to slower decision-making. Even so, the speed at which one learns or makes decisions does not necessarily impact the efficacy of such decision-making. (Akyürek, et al., 2018; Bavolar & Bacikova-Sleskova, 2018).

Many factors shape how individual organizations and leaders within organizations make decisions and develop decision-making styles. Small organizations and firms often require individuals to make decisions quickly and unilaterally. Meanwhile, individuals in small organizations and firms may use democratic decision-making functions to make strategic decisions (Pimentel, Scholten, & Couto, 2018). This suggests that the characteristics of an organization or group that one belongs to can impact one's decision-making style and characteristics. A major feature of the rational decision-making style is its dependence on data collection and analysis (Djulgovic, Elqayam, & Dale, 2018).

The rational decision-making style is based on collecting information, analyzing information, determining value, and then applying the results of such analyses to one's decision. Weighing costs, benefits, and risks are the key to the rational decision-making style (Scott & Bruce, 1995). Bayram and Aydemir (2017) stated that rational decision-making usually takes longer than the other types of decision-making styles due to the structured analytical approach that is used in making a decision. The process involved usually consists of determining the issue, finding options, and evaluating those options for the best solution. This process takes time to complete thoroughly.

Stress can strongly affect decision-making styles, especially rational decision-making styles because high levels of prolonged stress can decrease cognitive ability as well as diminishing the efficacy of rational decision-making (Allwood & Salo, 2012;

Bajwa, Batool, Asma, Ali, & Ajmal, 2016; Okoli & Watt, 2018; Weisberg, Deyoung, & Hirsh, 2011). For rational decision-making style individuals, intelligence may be the most important factor for the development of cognitive performance (Avsec, 2012; Bavolar & Bacikova-Sleskova, 2018; Berglund, Seva, & Strandh, 2015; Doe, Castillo, & McKinney, 2017; McCrae & Costa, 1991; Narooi & Karazee, 2015).

Personality has significant impacts on the performance of organizations and their employees, including on how rational decision-makers make decisions, especially given that rational decision-makers depend on the collection and interpretation of data and information (Bakker, Van Der Zee, Lewig, & Dollard, 2006; Budaev, 1999; Bui, 2017; Camps, Stouten, & Euwema, 2016; Judge, Higgins, & Thoresen, 1999; Okoli & Watt, 2018; Therasa & Vijayabanu, 2015). Personality has major impacts on how individuals interact within an organization, including the prevalence of conflict within the organization and the ability of employees to meet the needs of consumers and clients (Costa & McCrae, 1992; Di Fabio, Palazzeschi, Levin, & Gati, 2015; Franken & Muris, 2005; Mehdi, Khiruddin, & Omar, 2014; Weisberg et al., 2011).

Gender remains a major factor for decision-making processes and the development of styles among individuals (Costa, Terracciano, & McCrae, 2001; Schmitt, Realo, Voracek, & Allik, 2008; Wang, 2014; Weisberg et al., 2011). Cognitive capacities and capabilities influence the development of decision-making styles, especially in the promotion of the rational decision-making style (Doe et al., 2017; Juanchich, Dewberry, Sirota, & Narendran, 2016; McCrae & Costa, 1991; Narooi & Karazee, 2015).

Personality influences the development of leadership styles and, consequently decision-making styles, as some personality traits are more conducive to certain decision-making



styles. In general, more reclusive, introspective, and introverted individuals tend to have a rational decision-making style (Bavolar & Bacikova-Sleskova, 2018; Denissen & Penke, 2008; Deniz, 2011; Rahaman & Saidur, 2014; Rehman & Waheed, 2012; Riaz, Riaz, & Batool, 2012; Spicer & Sadler-Smith, 2005; Ülgen, Sağlam, & Tuğsal, 2016).

### **Intuitive Decision-Making Style**

The intuitive decision-making style features a dependence on one's intuitions to make decisions. In contrast to the rational decision-making style, the intuitive decision-making style features relatively quick decisions that are based on intuitions that generally form from past experiences. Intuitive decision-making style individuals are particularly suited for handling stress, as stress, can have massive impacts on decision-making processes that require quite long periods (Allwood & Salo, 2012; Bajwa et al., 2016; Bavolar & Bacikova-Sleskova, 2018; Okoli & Watt, 2018; Remmers & Zander, 2018; Weisberg et al., 2011). For individuals with the intuitive decision-making style, intelligence is significant for its impacts on personality traits, but may not heavily affect the decision-making processes of such individuals (Avsec, 2012; Berglund et al., 2015; Doe et al., 2017; Erenda, Metelko, Roblek, & Meško, 2018; McCrae & Costa, 1991; Narooi & Karazee, 2015). After all, intuitive decision-makers tend not to rely on intelligence directly, but instead on their intuition and prior experience. Nevertheless, the relationship between intelligence and intuition is complex. Personality types tend to have major impacts on intuitive decision-makers, given that such decision-makers tend to make quite quick decisions and rely on their past experiences (Akinci & Sadler-Smith, 2018; Bakker et al., 2006; Bavolar & Bacikova-Sleskova, 2018; Budaev, 1999; Bui, 2017; Camps et al., 2016; Judge et al., 1999; Remmers & Zander, 2018; Therasa &

Vijayabanu, 2015). The intuitive decision-making style is partially determined by personality, which not only impacts how individuals engage with one another within organizations but also the specific intuitions that individuals use to make decisions (Costa & McCrae, 1992; Di Fabio et al., 2015; Erenda et al., 2018; Franken & Muris, 2005; Mehdi et al., 2014; Okoli & Watt, 2018; Weisberg et al., 2011). Gender plays a significant role in the development of intuitive decision-making styles (Costa et al., 2001; Schmitt et al., 2008; Wang, 2014; Weisberg et al., 2011).

Cognitive capacities and capabilities play less of a role in how intuitive decision-makers make decisions but may influence the likelihood that an individual will develop an intuitive decision-making style (Akinci & Sadler-Smith, 2018; Doe et al., 2017; Juanchich et al., 2016; McCrae & Costa, 1991; Narooi & Karazee, 2015). Higher cognitive capacity is not likely to increase the likelihood of an intuitive decision-making style to develop. Personality includes the intuitive decision-making style through the development of behavioral patterns that can influence the perceived best approaches to decision-making (Bavolar & Bacikova-Sleskova, 2018; Denissen & Penke, 2008; Deniz, 2011; Rahaman & Saidur, 2014; Rehman & Waheed, 2012; Remmers & Zander, 2018; Riaz et al., 2012; Spicer & Sadler-Smith, 2005; Ülgen et al., 2016) as Bayram and Aydemir (2017) depicted an intuitive decision-making style as one that pays close attention to details in the flow of information rather than a systematic review of information and a tendency to rely on feelings. Intuitive decision-making style has a dependence upon “hunches, feelings, impressions instinct experience and gut feelings” (p.2).

There may also be certain connections between personality and the intuitive decision-making style. Conscientiousness people are best known as being (a.) hardworking, (b.) persistent, (c.) neat, (d.) well-organized, (e.) orderliness, (f.) responsibility, (g.) dependability, and (h.) goal-oriented (Bayram & Aydemir, 2017) Bakker et al., (2006) also associated conscientiousness with (a.) self-discipline, (b.) achievement striving, (c.) dutifulness and (d.) competence. Bayram and Aydemir (2017) stated that conscientious people are usually self-directed with the self-drive to finish any projects that have been started. Whereas neuroticism is the exact opposite, in that individuals are usually insecure and less likely to complete projects once started. Neuroticism in people may be the source of self-pity, worry, and irritability.

### **Dependent Decision-Making Style**

The dependent decision-making style is a passive decision-making style that relies on consultation from others. There may be a strong relationship between introversion and dependent decision-making styles. Introversion, being the opposite of extraversion, may allow an individual to be affected by negative events in their lives. Depression and anger are serious side effects of introversion much like neuroticism. Highly neurotic individuals may have anxiety, loss of control with impulses, and underestimate their abilities (Bayram & Aydemir, 2017).

Stress may impact dependent decision-making styles less than other styles, because stress tends to limit cognitive capacity and rational thinking, while the dependent decision-making style relies heavily on consultation rather than one's cognitive capacity (Allwood & Salo, 2012; Bajwa et al., 2016; Erenda et al., 2018; Weisberg et al., 2011). Intelligence may not have major impacts on the decisions made by those with dependent

decision-making styles, but it likely impacts the development of decision-making styles in general and may promote other decision-making styles. Moreover, intelligence may promote those with dependent decision-making styles to rely a bit more on their judgments, despite being heavily dependent on others for advice (Avsec, 2012; Berglund et al., 2015; Doe et al., 2017; McCrae & Costa, 1991; Narooi & Karazee, 2015).

Personality impacts the performance of organizations through how employees work with one another but may have the most profound impacts on dependent decision-makers, given that such decision-makers utilize the opinions and information provided by others (Bakker et al., 2006; Budaev, 1999; Bui, 2017; Camps et al., 2016; Judge et al., 1999; Therasa & Vijayabanu, 2015). In general, personalities that mesh well in an organization and that promote efficiency and productivity may be particularly useful for individuals with dependent decision-making styles. Personality may also influence conflict within organizations (Costa & McCrae, 1992; Di Fabio et al., 2015; Franken & Muris, 2005; Mehdi et al., 2014; Weisberg et al., 2011). Again, a combination of personalities in an organization can have a major impact on the quality of work and levels of conflict provided by the organization. The right combination of personalities may benefit dependent decision-makers the most. There is strong evidence that gender plays a role in the decision-making processes and decision-making styles of individuals (Costa et al., 2001; Schmitt et al., 2008; Wang, 2014; Weisberg et al., 2011).

For dependent decision-making styles, gender complicates this relationship. Also, personality may dictate certain decision-making styles but not others. Cognitive capacities may play more of a role in the development of certain decision-making styles (Doe et al., 2017; Juanchich et al., 2016; McCrae & Costa, 1991; Narooi & Karazee,

2015). In general, poor cognitive performance can promote dependent decision-making styles. After all, such performance deters people from making decisions without major consultation help. Personality also shapes the development of leadership styles which may impact decision-making styles. Stronger leadership styles tend not to be dependent decision-makers (Denissen & Penke, 2008; Deniz, 2011; Rahaman & Saidur, 2014; Rehman & Waheed, 2012; Riaz et al., 2012; Spicer & Sadler-Smith, 2005; Ülgen et al., 2016).

### **Avoidant Decision-Making Style**

The avoidant decision-making style deters making decisions and is strongly associated with aversive and introverted personality styles. Individuals exhibiting an avoidant decision-making style tend to be shy and stressed by having to make decisions and be responsible (Bayram & Aydemir, 2017). “Avoidant decision-making style is defined by withdrawing, postponing, moving back, and negating the decision scenarios. That is, an avoidant style is characterized by attempts to avoid decision-making whenever possible” (Bayram & Aydemir, 2017, p. 2). Avoidant decision-makers typically are not open to experiences in which new ideas and curiosity rules thought. Openness requires one to be impulsive and willing to try new ideas without much thought to consequences. Non-open individuals tend to be closed-minded. Consequently, this could greatly negatively affect their decision-making style (Bavolar & Bacikova-Sleskova, 2018; Bayram & Aydemir, 2017).

The way that individuals are impacted by stress can strongly affect decision-making processes and styles (Allwood & Salo, 2012; Bajwa et al., 2016; Erenda et al., 2018; Weisberg et al., 2011). Intelligence is a major factor for the development of both

personality traits and decision-making styles (Avsec, 2012; Bavolar & Bacikova-Sleskova, 2018; Berglund et al., 2015; Doe et al., 2017; McCrae & Costa, 1991; Narooi & Karazee, 2015). Personality has been found to have significant impacts on the work of employees and the performance of organizations as a whole (Bakker et al., 2006; Budaev, 1999; Bui, 2017; Camps et al., 2016; Judge et al., 1999; Therasa & Vijayabanu, 2015). Personality can have major impacts on how individuals interact within organizations and work together within and between organizations (Costa & McCrae, 1992; Di Fabio et al., 2015; Franken & Muris, 2005; Mehdi et al., 2014; Weisberg et al., 2011).

Various other factors may impact the development of avoidant decision-making styles. Research indicates that gender is a significant factor in the decision-making processes and styles of individuals (Costa et al., 2001; Schmitt et al., 2008; Wang, 2014; Weisberg et al., 2011). While personality plays a major role in decision-making style, cognitive capacities and capabilities in general also play a major role in the development of decision-making styles and the ways that such styles manifest in decision-making (Doe et al., 2017; Juanchich et al., 2016; McCrae & Costa, 1991; Narooi & Karazee, 2015). Personality has been found to shape the development of leadership styles and cognitive performance, both of which have direct impacts on decision-making styles (Bavolar & Bacikova-Sleskova, 2018; Denissen & Penke, 2008; Deniz, 2011; Rahaman & Saidur, 2014; Rehman & Waheed, 2012; Riaz et al., 2012; Spicer, & Sadler-Smith, 2005; Ülgen et al., 2016).

### **Spontaneous Decision-Making Style**

The spontaneous decision-making style features decisions that are based on gut reactions and without much forethought (Grubb, Brown, & Hall, 2018). “Spontaneous

decision-making style is characterized by making rapid, quick, impulsive and prone to making “snap” or “spur of the moment” decisions” (Bayram & Aydemir, 2017, p. 2). Such a style is different from the intuitive style in that it does not rely so much on intuition as seemingly random decisions. Emotional intelligence can play a major role in decision-making, especially decision-making in pressure or exigent circumstances. High emotional intelligence allows for a better understanding of others and for the promotion of interpreting the intentions of others accurately. Thus, high emotional intelligence can improve decision-making and impact decision-making style (Grubb et al., 2018).

Extraversion and agreeableness may have some connections with the spontaneous decision-making style. Extraverts are typically outgoing, dominant, out-spoken individuals with expressive emotions. Intense personal relationships are usually associated with an extravert person. These intense relationships provide for the ability to communicate and exhibit agreeable contact with most they come in contact with. While more research is needed to determine the relationships between personality characteristics and spontaneous decision-making styles, there is some evidence connecting extraversion and agreeableness to the spontaneous style (Bayram & Aydemir, 2017).

### **Critique of Previous Research on Decision-Making Styles**

There are several discernible trends in previous research on decision-making styles. First, there is no consensus on decision-making styles. Different researchers identify different sets of decision-making styles. Second, the research on decision-making styles provides strong evidence for certain relationships forming between personality and decision-making style. For example, avoidant decision-makers tend to have risk-averse personalities (Riaz et al., 2012; Spicer & Sadler-Smith, 2005). This study will focus on

the decision-making model developed by Scott and Bruce (1995), General Decision-making Styles Inventory (GDMS).

Spicer and Sadler-Smith (2005) utilized the GDMS to exam business school students in the United Kingdom to determine if one decision-making style provided a relationship to a key skill in the business world. The GDMS was administered to 200 undergraduates at two different business schools. The data collected were analyzed using SPSS. Results of internal reliabilities, Cronbach' Alpha, were in the range of .67-.87. These reliabilities values were similar to the original Scott and Bruce (1995) results. Data showed that the rational and intuitive decision-making styles had the highest relationships with key business skills identified. Researchers concluded with suggesting future research with respects to individual and organizational effectiveness between the different decision-making styles.

Riaz, Riaz, and Batool (2014) took what Spicer and Sadler-Smith suggested that they wanted to determine if any decision-making styles would predict a certain type of outcome. Riaz et al. used the GDMS as well as ten other survey instruments such as Satisfaction with Life Scale and Self-esteem Scale Rosenberg to complete a multiple regression analysis to determine if such prediction is achievable. Data were taken from 300 employees from non-profit service organizations. The data did show that rational, intuitive, dependent, and spontaneous decision-making styles positively predict whereas avoidant style negatively predict organizational performance. These were in line with what Scott and Bruce (1995) identified when creating their GDMS.

The GDMS in Caldera's (2018) research was used to determine if decision-making styles can be used to predict authentic leadership in adults. Caldera surveyed 312



adults comprised of individuals from a staff of a small town and willing participants from social media platforms. The GDMS, Authentic Leadership Questionnaire, International Personality Item Pool-Five Factor Model were used to collect data. Multiple regression and descriptive statistics were used to evaluate the data. Caldera determined decision-making styles did predict authentic leadership. The dependent decision-making style accounted for 4.4% of the variance in data. This study continued to show that decision-making styles can predict outcomes just as Riaz et al. (2014). The researcher continued with recommendations for future research to include a larger random sample of executive-level leaders utilizing a shorter survey and she noted that her participants developed fatigue in taking her survey.

Using the GDMS to determine if age or gender predicts the decision-making style is the research conducted by Delaney (2014). One thousand and seventy-five respondents to an online survey utilizing the GDMS with information on gender and age were used to gather data. The respondents were from RAND's American Life Panel. This panel was originally established for a health and retirement survey conducted by the University of Michigan. Ward's hierarchical agglomerative approach was utilized first for data analysis, and then a chi-square cross-tabulation was completed to assess robustness. Delaney's research indicated that older respondents and more females than men were more likely to have independent rational decision-making styles. This result continues the concept that certain indicators can predict decision-making outcomes when the decision-making style is identified as with Riaz et al., (2014), and Caldera (2018).

Another research study to determine outcomes using the GDMS for decision-making styles are Parker, Bruin, and Fischhoff's (2007) study considering maximizers

versus satisfiers and which one may have a better life outcome. The researchers utilized the GDMS, Self-reported Maximizing Measure, Adult Decision-making Competence, and Decision Outcomes Inventory to gather data from 360 Pittsburgh, PA residents from several differing demographics. Pearson correlations between maximizing and other decision-making styles were used first then followed up with a hierarchical multiple linear regression. The analyzed data showed that a prediction that is maximizing in a decision-making style results in a lower than expected outcome than just following the norms. This Parker et al. (2007) study is in line with the Spicer and Sadler-Smith (2005) study of business skills. So, educating future business leaders that maximizing instead of utilizing a proven decision-making style will most likely create a less than desired outcome.

### **Ethics in Decision-Making**

There are numerous issues concerning ethics in decision-making. Most of these issues surround the effects of decision-making styles on behavior. Craft (2012), outlined Rest's model as four steps: (a.) awareness, (b.) judgment, (c.) intent, and (d.) behavior. Ethics is defined as "a system of rules or principles that guide us in decision-making about what is right or wrong and good or bad in a particular situation" (Northouse, 2013, p. 424). Any application of ethics to decision-making must keep in mind the complexity of human decision-making (Northouse, 2013). Hayibor and Wasieleski (2008) outlined a four-step process to ethical decision-making; (a.) recognition of the decision as an ethical issue, (b.) making an ethical judgment concerning the issue, (c.) creation of ethical intent with the issue, and (d.) engaging in ethical behavior when dealing with this issue.

Decision-making, as it relates to privatization, must be dealt with as an ethical issue. Too much money, power, and infrastructure is involved in most cases.

### **Summary**

The current literature review has focused on privatization and decision-making styles. Privatization was found to have many benefits and many risks. Meanwhile, there is strong evidence of a connection between certain personality traits and decision-making styles (Akinci & Sadler-Smith, 2018; Bavolar & Bacikova-Sleskova, 2018; Erenda et al., 2018; Okoli & Watt, 2018; Remmers & Zander, 2018). The way that individuals are impacted by stress can strongly affect decision-making processes and styles (Allwood & Salo, 2012; Bajwa et al., 2016; Weisberg et al., 2011). Intelligence is a major factor for the development of both personality traits and decision-making styles (Avsec, 2012; Berglund et al., 2015; Doe et al., 2017; McCrae & Costa, 1991; Narooi & Karazee, 2015). Personality has been found to have significant impacts on the work of employees and the performance of organizations as a whole (Bakker et al., 2006; Budaev, 1999; Bui, 2017; Camps et al., 2016; Judge et al., 1999; Therasa & Vijayabanu, 2015). Personality can have major impacts on how individuals interact within organizations and work together within and between organizations (Costa & McCrae, 1992; Di Fabio et al., 2015; Franken & Muris, 2005; Mehdi et al., 2014; Weisberg et al., 2011).

Research indicates that gender is a significant factor in the decision-making processes and styles of individuals (Costa et al., 2001; Schmitt et al., 2008; Wang, 2014; Weisberg et al., 2011). While personality plays a major role in decision-making style, cognitive capacities and capabilities in general also play a major role in the development of decision-making styles and the ways that such styles manifest in decision-making (Doe

et al., 2017; Juanchich et al., 2016; McCrae & Costa, 1991; Narooi & Karazee, 2015).

Personality has been found to shape the development of leadership styles and cognitive performance, both of which have direct impacts on decision-making styles (Denissen & Penke, 2008; Deniz, 2011; Rahaman & Saidur, 2014; Rehman & Waheed, 2012; Riaz et al., 2012; Spicer & Sadler-Smith, 2005; Ülgen et al., 2016).

Ultimately, the literature review has shown the possibility of that decision-making styles can predict positive outcomes on tough decisions, such as privatization of services by local governments. Research by both Ward (2016) and Wood (2012) show tendencies toward this ability to predict outcomes to difficult decisions. With the understanding of these predictors, local leaders such as mayors will be able to utilize them to make better decisions for the communities they serve.

## **CHAPTER 3**

### **METHODOLOGY**

#### **Introduction**

The purpose of this quantitative study is to determine the effectiveness of different decision-making styles for the quality of decisions by the decision-makers concerning privatization. Research in this study will enable leaders to consider all options, benefits, risks, and ethics of privatization for high-value decisions. This chapter will outline the research design, proposed sample, the instrumentation used, how the data collected will be analyzed, and lastly, conclusions. It was determined that utilizing the proven Scott and Bruce's (1995) General Decision-making Style measure would serve as the instrument.

#### **Research Design**

The design of this study is to be descriptive and detailed to answer the research questions empirically. The survey research was appropriate for this study because it was a quantitative study (Gall, Gall, & Borg, 2003). The three research questions were addressed in this study:

1. Which decision-making style (rational, intuitive, dependent, avoidant, or spontaneous) (Scott & Bruce, 1995) accurately outlines the government leader's decisions to privatize services or projects?

2. Does the decision-making style forecast the privatization outcome?
3. Does the size of government make any differences in decision-making styles used in privatization decisions?

A product of this study will be data that can be used to classify associations amid features that may inspire decisions of local administrations to privatize or not — analyzing the population, the type of government, and the decision-making style utilized to inspire the outsourcing of departments. Analyses of the existent pragmatic study on the local administration infers that every public service qualifies as a candidate for privatization (Bradbury & Waechter, 2009, p. 232). Wood (2012), in her research utilizing the Scott and Bruce 25 item questionnaire General Decision-Making Style (GDMS), found that quality decisions can be predicted when looking at the actual decision-making style used.

### **Hypotheses**

The specific hypotheses that were evaluated by this research are:

**H1<sub>0</sub>.** Rational decision-making styles allow the privatization of services or projects to have favorable outcomes.

**H2<sub>0</sub>.** Intuitive decision-making styles allow the privatization of services or projects to have favorable outcomes.

**H3<sub>0</sub>.** Dependent decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

**H4<sub>0</sub>.** Avoidant decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

**H50.** Spontaneous decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

**H60.** Governments that serve more than 33,000 residents utilize rational Decision-making styles in privatization decisions.

**H70.** Government which serves less than 33,000 resident utilize intuitive, dependent, avoidant, or spontaneous decision-making styles in privatization decisions.

### **Proposed Sample**

The population most interested in is the cities, towns, and villages of north Louisiana, but the surrounding counties in Texas, Arkansas, and Mississippi could be benefactors of this study as well. Consideration was given to the local city, town, and village governments in 15 parishes in north Louisiana. Understanding that of those approximately 83 governments, only approximately 60 ( $n=60$ ) was originally expected will complete and return any survey on outsourcing or privatization of services. The 83 governments were determined by examining the United States Census website for population centers (United States Census Bureau, 2019). So, surveys were submitted to the mayors of each city, town, or village, but to at least one department head, and one council member or alderman. This provided an opportunity to receive a response from each city, town, or village. The additional responses provided 128 total possible responses ( $n=128$ ) to be received.

These north Louisiana communities are mostly similar in culture and economic size, with a few with a much greater population and economic basis. Each of these cities, towns, and villages have elected mayors and councils or alderman. It was assumed that

each of the sampled governments have participated in a privatization or outsourcing program in recent years.

### **Instrumentation**

After a thorough review of decision-making styles and previous research on privatizing in local government, it was determined that utilizing the Scott and Bruce (1995) General Decision-Making Style measure would best provide the data needed to address the hypotheses presented. This survey met the criteria of being specific and simple to administer.

Scott and Bruce (1995) stated that before their General Decision-Making Style measure researchers were hindered by the lack of a generally available sound instrument for measuring decision styles. The Scott and Bruce's General Decision-Making Style started with three categories: (a.) dependent, (b.) rational, and (c.) intuitive developed by Harren in 1979. Scott and Bruce extended the categories to include two more (d.) avoidant, and (e.) spontaneous for a total of five categories. Their General Decision-Making measure originally had 37 questions and had been reduced to 25 items for simplicity in research (Scott & Bruce, 1995).

The measure is a 25 question survey utilizing a Likert scale ranging from 1 to 5. The Likert scale is as follows: 1 - Strongly Disagree, 2 - Somewhat Disagree, 3 - Neutral, 4 - Somewhat Agree, and 5 - Strongly Agree. The higher score in each category results in a more predominant style. Originally, Scott and Bruce utilized four samples for this measure creation. Sample 1 had 1,441 military officers, Sample 2 had 84 MBA students, Sample 3 consisted of 229 undergraduate students in business, and Sample 4 had 189



technicians and engineers. For all samples, the concept of answering the questions while making important decisions was noted.

Content, concurrent, and external validity assessment was completed by Scott and Bruce (1995). An ANOVA was used to analyze the differences of concurrent validity across the four samples. Scott and Bruce (1995) found the Cronbach's alpha for each scale of the General Decision-Making Style ranged from 0.77 to 0.85. Many other researchers have calculated similar Cronbach's alpha values for the General Decision-Making Style instrument since 1995 (Loo, 2000).

Since 1995, the Scott and Bruce General Decision-Making Style measurement has been used in research to determine decision-making styles used by different individuals in all aspects of life. Osborne (2010), used the General Decision-Making Style instrument to determine goal-directedness, generalized trust, and manager decision-making styles. His research could span into all industries for utilization. Osborne utilized logistic regression to analyze the data with a Cronbach Alpha of 0.75-0.90 between all five of the styles. The data showed that the majority of the managers sampled were using the rational decision-making style with success.

Wood (2012), employed the General Decision-Making Style instrument to research if decision-making styles can be used as a predictor of a good decision. A hierarchical regression was used with a Cronbach's Alpha of 0.84-0.95 among the five decision-making styles. This research proved that some decision-making styles were better than others. Wood's research could be used in all industries and personal life decisions as well. Delaney (2014), continued to see if age and gender would alter the type of decision-making style would be used and utilized the General Decision-Making

Style instrument. The hierarchical agglomerative approach provided a Cronbach's Alpha of 0.82-0.87 across the five decision-making styles. The results show that older persons and females are more likely to utilize rational decision-making style. Delaney's research is valid in everyday life personally as well as in all industries.

Ward (2016), deployed the General Decision-Making Style instrument to determine if decision-making styles in entrepreneurs predicted organization performance. The data collected were analyzed with the Pearson's  $r$  correlation and hierarchical regression with a Cronbach's Alpha of 0.64-0.77 across the five decision-making styles. The research showed that intuitive and rational decision-making styles produced higher overall organizational performance. Fortin (2018) focused research a bit deeper with the General Decision-Making Style instrument used to determine if decision-making styles affected project managers being certified as Project Manager Professional (PMP). PMPs are certified in multiple industries, so this research benefits a vast range of the population. Pearson's  $r$  correlation and regression statistics provided the data analysis with a Cronbach's Alpha of 0.85-0.87 between the five decision-making styles. Interesting enough that certified PMPs utilized the rational decision-making style more than the non-PMP certified project managers.

For this research, the General Decision-Making Style measure had a few added questions such as government size, type of government, if their government had made decisions on privatization in the past and if so, a few questions on the perceived success of those projects or programs (see Appendix B). Scott and Bruce's (1995) General Decision-Making measure was built on foundational research focused on the decision task and the situation in which the decision is needed. This measure became the industry

standard in 1995. Since then, this measure has been used extensively and proven validity, psychometric characteristics with confirmed structure.

### **Procedure**

Louisiana Tech University granted permission to use human subjects (See Appendix A). A proposal that described the study and the participants were submitted to the university. A copy of a consent letter requesting permission from each respondent to conduct the study in each community was submitted to the university (see Appendix C).

Once the university granted human use/institutional Review Board (IRB) approval, a list of e-mail addresses of governmental leaders to be asked to participate was compiled. The names and e-mail addresses of the governmental leaders were available on the websites of communities in most cases. All mayor and elected officials' email addresses may be found on the Louisiana Secretary of State's website as well. The e-mail list was then exported into Survey Monkey for distribution.

Respondents were provided two weeks of initial response time, after which a follow-up email was sent to encourage taking the survey. Then, the respondent was emailed each week for two weeks for completion. After four weeks, the data was collected from Survey Monkey and used for analysis.

### **Data Analysis**

Scott and Bruce's (1995) General Decision-Making measure was used to collect the data from the sample governments. The questions were asked in a manner in which empirical data that was withdrawn from the surveys, using a type of Likert Scale. That data was then analyzed for completeness before being placed into an MS Excel

spreadsheet for compilation and complete data screening. After the data are completely prepared for analysis, the data was saved into a CSV format for insertion into statistical software, JASP. JASP is a free statistical software provided by the University of Amsterdam and can be found online for download. This platform provided for complete analysis since the focus is on a relatively small sample of approximately 83 organizations in 15 parishes resulting in a total sample of (n=128) with a final 66 respondents (n=66). If the sample size were increased, then considerations would have been made for utilizing outside services or different computer software to make those data compilations.

Questionnaires were utilized so that the participating mayor and city/town administrators can complete the survey at their convenience, on Survey Monkey. The respondent was able to complete the questions in order or skip questions they are not comfortable answering. The largest research advantage of using questionnaires will be reduced costs associated with the completion (Gall et al., 2003). I final cost of questionnaire surveys to be less than \$300.

Scott and Bruce's (1995) General Decision-Making measure questions strictly ensure that the validity of the study is obtained. Validity is the "degree to which evidence and theory support the interpretations of the test scores on entailed by proposed uses of test" or questionnaires (Gall et al., 2003, p. 191). The relatively small amount of data being sought for this study utilizing a proven instrument with years of data analyzed ensured that internal validity is secured. The steps of scientific research were evident. The concept of external validity may exist with the idea that other possible decision-making styles could be available.

By utilizing Scott and Bruce's (1995) General Decision-Making measure, this study with data compilation should be reliable. Reliability refers to the amount of measurement error in the tests or questionnaires given (Gall et al., 2003). If a future researcher provided this same questionnaire would, it has similar results? Scott and Bruce's (1995) General Decision-Making measure questions have been completed many times since 1995. Many researchers have used the results for decades to determine decision-making styles for all sorts of possible decisions. The questions offered were last adjusted in 1995 to provide a high degree of validity and reliability (Scott & Bruce, 1995).

The statistical significance levels of this study are strictly limited by the sample size and interpretations of Scott and Bruce's (1995) General Decision-Making measure questionnaire. This study strived for an alpha level of 0.05 but understood that the final acceptable P level would be  $< 0.10$ . There are too many variables in this study to expect anything better but would still expect a normal distribution curve and standard deviation when plotted.

After the data were collected from Survey Monkey, the initial data screening produced descriptive statistics for consideration and further analysis. A few descriptive statistics are the percentages of each decision-making style questions, complete demographics of government types, size of governments, and if privatization activities were completed in the past. This data contributed to data creation for input into JASP.

The combined total score of each category per respondent were captured and used for Cronbach's Alpha to determine reliability, Pearson's  $r$  for correlation, and lastly, hierarchical regression. A high Cronbach's Alpha of 0.7 (acceptable) or above was

expected. Pearson's  $r$  correlation coefficient described a relationship between variables. A correlation coefficient between 0 and +1 reflected a correlation with a +1 being a perfect correlation. Finally, the analyzed data were presented in written and graphical form for presentation and discussion in Chapter 4.

### **Conclusions**

This chapter outlined the positive nature of the use of Scott and Bruce's General Decision-Making Style measure with the details of the research design. Strengths of this design are the proven reliability and validity of the General Decision-Making Style measure, the reduced time and costs with the use of the on-line instrument, and overall basic design to ensure accuracy in data collection and analysis.

## **CHAPTER 4**

### **DATA ANALYSIS**

#### **Introduction**

The purpose of this study was to investigate if a type of decision-making style could predict a favorable outcome when making decisions to privatize government services or projects in the communities of north Louisiana. Specifically designed to assist new or unexperienced government leaders in making these tough decisions early in their careers. This chapter presents the results of Scott and Bruce's (1995) General Decision-Making measure questionnaire and analysis of the data as they relate to the research questions. The results are presented in three parts: (a.) total results with descriptive statistics, (b.) results based on the size of government, and (c.) results of the hypotheses and research questions. The hypotheses were tested, and the research questions were answered. The results of Scott and Bruce's (1995) General Decision-Making measure questionnaire are presented with descriptive statistics organized into tables to illustrate the responses to each category in the GDMS. Pearson's  $r$  and Cronbach's Alpha were conducted for items where the groups responded differently to being beneficial or not.

### Descriptive Analysis

With 128 respondents requested for study participation, 66 completed all or parts of the study survey, as shown in Table 1. This response rate is 51.56% of the total requested participation. Of those 66 respondents, three did not complete the entire survey.

Table 1

*Response Rates: Agreeing to Participate in Study*

						Responses	
						Percent	Number
Agree						100.00%	66
Disagree						0.00%	0
						<b>Answered</b>	<b>66</b>
						<b>Skipped</b>	<b>0</b>
Agreed to Participate		Did not Agree to Participate		Did Not Complete Survey		Completed Survey	
%	#	%	#	%	#	%	#
100	66	0	0	0	0	100	66

*n* =66

Of the 66 respondents, 57 (86.36%) answered that they were part of a mayoral form of government, six (9.10%) answered that they were part of a city manager form of government, and three (4.54%) did not answer what form of government with which they are associated. Table 2 depicts the percentages of each by the respondents who answered the question.



Table 2

*Response Rate: Type of Government*

Type of Government Structure	Responses	
	Percent	Number
Mayor	90.48%	57
City Manager	9.52%	6
	<b>Answered</b>	<b>63</b>
	<b>Skipped</b>	<b>3</b>

*n* =66

When asked if the respondent or the respondent's organization has considered privatization activities in the past, 57 of 66 (86.36%) responded as "yes, they have" while six of 66 (9.10%) responded as "no, they have not," and lastly three (4.54%) did not answer this survey question. Table 3 shows the percentages of each possible answer based on those respondents who answered the question.

Table 3

*Response Rate: Considered Privatization*

Considered Privatization	Responses	
	Percent	Number
Yes	90.48%	57
No	9.52%	6
	<b>Answered</b>	<b>63</b>
	<b>Skipped</b>	<b>3</b>

*n* =66

Understanding that the size of governments varies across the sample area and that this varying size may depict the differences in privatization activities. Table 4 indicates that of the 63 respondents who answered this question, 71.43% were in communities of 8,000 residents or less. Communities between 8,001 and 33,000 were 19.05%, 33,001 to

125,000 were 4.76% and over 125,001 were 4.76%, as shown in Table 4. These coincide with the actual sample percentages as more communities were 8,000 and less (56.96%).

Table 4

*Response Rate: Size of Government*

Size of Government (# Residents)	Responses		Sample	
	Percent	Number	Percent	Number
up to 8,000	71.43%	45	79	56.96%
8,001 to 33,000	19.05%	12	26	46.15%
33,001 to 125,000	4.76%	3	15	20.00%
125,0001 and up	4.76%	3	8	37.50%
	<b>Answered</b>	<b>63</b>	<b>128</b>	49.22%
	<b>Skipped</b>	<b>3</b>		

*n* =128

To understand the government size more, as shown in Table 5, the majority of the respondents were of mayor form of government were in communities of 8,000 or less (71.93%). Communities with population between 8,001 and 33,000 made up 17.54%, 33,001 and 125,000 were 5.26%, and 125,001 and above were 5.26%.

Table 5

*Response Rate: Mayor Government by Size*

Size of Government (# Residents)	Mayor	
	Percent	Number
up to 8,000	71.93%	41
8,001 to 33,000	17.54%	10
33,001 to 125,000	5.26%	3
125,0001 and up	5.26%	3
	<b>Answered</b>	<b>57</b>

*n* =63

Of the six respondents who answered that they are part of a city manager form of government, 66.67% came from communities that had a population of 8,000 or less, as

shown in Table 6. The only other size of community with city manager for government was 8,001 and 33,000 with 33.33%.

Table 6

*Response Rate: City Manager by Size*

Size of Government (# Residents)	City Manager	
	Percent	Number
up to 8,000	66.67%	4
8,001 to 33,000	33.33%	2
33,001 to 125,000	0.00%	0
125,0001 and up	0.00%	0
	<b>Answered</b>	<b>6</b>

*n* =63

Completing the descriptive analysis of the government size category, six respondents answered that they had not participated in previous privatization activities. These six were all from a mayoral form of government and were of communities of 8,000 or less in population, as shown in Table 7.

Table 7

*Response Rate: No Previous Privatization by Size*

Size of Government (# Residents)	NO To Previous Privatization	
	Percent	Number
up to 8,000	100.00%	6
8,001 to 33,000	0.00%	0
33,001 to 125,000	0.00%	0
125,0001 and up	0.00%	0
	<b>Answered</b>	<b>6</b>

*n* =63

note: all mayor type

On rational decision-making, the analysis indicates that a majority of the respondents make decisions after evaluating necessary sources of information. Consider

Table 8, on the indicator, “I double-check my information sources to ensure I have the right facts before making decisions” 95.24% of the respondents strongly agreed to this assertion and 4.76% agreed. For the question, three respondents failed to give their responses. Table 8 indicates that most of the participants make decisions through an empirical process—after evaluating several sources of information.

Table 8

*Response Rate: Rational Decision-Making Style*

Questions		Responses				
		Percent	Number	Weight	Score	Mean
I double check my information sources to be sure I have the right facts before making decisions.	Strongly agree	95.24%	62	5	310	
	Agree	4.76%	1	4	4	
	Neither agree nor disagree	0.00%	0	3	0	
	Disagree	0.00%	0	2	0	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		314	4.98
		<b>Skipped</b>	<b>3</b>			
I make decisions in a logical and systematic way.	Strongly agree	50.79%	32	5	160	
	Agree	42.86%	27	4	108	
	Neither agree nor disagree	6.35%	4	3	12	
	Disagree	0.00%	0	2	0	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		280	4.44
		<b>Skipped</b>	<b>3</b>			
My decision making requires careful thought.	Strongly agree	50.79%	32	5	160	
	Agree	49.21%	31	4	124	
	Neither agree nor disagree	0.00%	0	3	0	
	Disagree	0.00%	0	2	0	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		284	4.51
		<b>Skipped</b>	<b>3</b>			
When making a decision, I consider various options in terms of a specific goal.	Strongly agree	41.27%	26	5	130	
	Agree	52.38%	33	4	132	
	Neither agree nor disagree	6.35%	4	3	12	
	Disagree	0.00%	0	2	0	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		274	4.35
		<b>Skipped</b>	<b>3</b>			
I explore all of my options before making a decision.	Strongly agree	60.32%	38	5	190	
	Agree	39.68%	25	4	100	
	Neither agree nor disagree	0.00%	0	3	0	
	Disagree	0.00%	0	2	0	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		290	4.60
		<b>Skipped</b>	<b>3</b>	<b>Total Score</b>	<b>1442</b>	<b>4.58</b>

n =66

Rational decision-making by size is another essential factor assessed by the analysis. As shown in Table 9, evaluation of Rational Decision-Making Style by Size indicates that, for a sample of 63 respondents, a considerable number of the participants from a mayoral type of government have a higher mean of each population category on rational decision-making as compared to residents from city managerial. For reliability on the rational decision-making style questions, the Cronbach's Alpha was 0.955.

Table 9

*Description Statistics: Rational Decision-Making Style by Size*

Size of Government (# Residents)	Rational (Mean)	
	City Manager	Mayor
up to 8,000	3.80	4.54
8,001 to 33,000	4.20	4.88
33,001 to 125,000	----	5.00
125,0001 and up	----	5.00

*n* =63

Table 10 shows a rational decision-making style by previous experience on privatization. For the respondents, residents of mayoral cities had a higher mean score for this category (4.54) as compared to residents of locations managed by city managers (3.80). Rational decision informed by previous experience is still higher among residents of mayoral locations as compared to residents from city managerial.

Table 10

*Description Statistics: Rational Decision-Making Style by Previous Experience*

Considered Privatization	Rational Responses (Mean)			
	No	Yes(total)	Yes(mayor)	Yes(city manager)
up to 8,000	4.50	4.47	4.54	3.80

*n* =45

notes: 1. No is all mayor type (6ea)

2. Yes total is 39 ea with 35 mayor and 4 city manager

Intuitive decision-making, another critical factor of the decision-making style, shows varied responses. Unlike rational decision-making, intuitive decision-making is considered as the 6<sup>th</sup> sense for some cases. As opposed to rationalism that considers empirical evidence, facts, and step-by-step deductions, it involves gathering cues that individuals could miss. As shown in Table 11, instincts and intuition do not interest a majority of the respondents when making decisions. For instincts, only 39.68% of the respondents indicated that they rely on intuition when making decisions, 33.33% of the respondents were in a dilemma, and 26.98% indicated that they do not consider instincts as paramount to making decisions. Considering intuition, only 39.68% of the respondents find intuition essential to making decisions, 41.27% neither agreed nor disagreed, and 17.46 disagree that intuition is not primary to making decisions. A paltry 1.59% of the same strongly disagreed that intuition is not their reference point while making decisions.

Table 11

*Response Rate: Intuitive Decision-Making Style*

Questions		Responses				
		Percent	Number	Weight	Score	Mean
When making decisions, I rely upon my instincts.	Strongly agree	0.00%	0	5	0	
	Agree	39.68%	25	4	100	
	Neither agree nor disagree	33.33%	21	3	63	
	Disagree	26.98%	17	2	34	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		197	3.13
		<b>Skipped</b>	<b>3</b>			
When I make decisions, I tend to rely on my intuition.	Strongly agree	0.00%	0	5	0	
	Agree	39.68%	25	4	100	
	Neither agree nor disagree	41.27%	26	3	78	
	Disagree	17.46%	11	2	22	
	Strongly disagree	1.59%	1	1	1	
	<b>Answered</b>		<b>63</b>		201	3.19
		<b>Skipped</b>	<b>3</b>			
I generally make decisions that feel right to me.	Strongly agree	7.94%	5	5	25	
	Agree	60.32%	38	4	152	
	Neither agree nor disagree	28.57%	18	3	54	
	Disagree	3.17%	2	2	4	
	Strongly disagree	0.00%	0	1	0	
	<b>Answered</b>		<b>63</b>		235	3.73
		<b>Skipped</b>	<b>3</b>			
When I make a decision, it is more important for me to feel the decision is right than to have a rational reason for it.	Strongly agree	6.35%	4	5	20	
	Agree	11.11%	7	4	28	
	Neither agree nor disagree	53.97%	34	3	102	
	Disagree	25.40%	16	2	32	
	Strongly disagree	3.17%	2	1	2	
	<b>Answered</b>		<b>63</b>		184	2.92
		<b>Skipped</b>	<b>3</b>			
When I make a decision, I trust my inner feelings and reactions.	Strongly agree	4.76%	3	5	15	
	Agree	63.49%	40	4	160	
	Neither agree nor disagree	26.98%	17	3	51	
	Disagree	3.17%	2	2	4	
	Strongly disagree	1.59%	1	1	1	
	<b>Answered</b>		<b>63</b>		231	3.67
		<b>Skipped</b>	<b>3</b>	<b>Total Score</b>	<b>1048</b>	<b>3.33</b>

n =66

Table 11 created an elaborate analysis of intuitive decision-making patterns among study participants. When intuition is applied in making decisions, an individual applies what is termed as the “sixth sense” to tap into information that perhaps other people can potentially miss out on. It is contrary to rational decision-making where facts

and analytics are applied in a stepwise fashion to arrive at a logical decision. In analyzing the data in Table 11, intuition as a primary mode of decision-making was rare among the participants that were incorporated in the study. A Cronbach Alpha of 0.940 for the intuitive decision-making questions was recorded.

Table 12 illustrates the analysis of intuitive decision-making style narrowed down based on size. For populations of 8,000 and below, the 63 respondents indicated that the intuitive mean for city managerial system was 3.20 which was less than the mayoral system marked at 3.28. For a population size ranging between 8,001 and 33,000 people, the intuitive mean for the city managerial system, was 3.80 while that for the mayoral system was less at 3.48. For population sizes larger than 33,000, the statistics did not indicate the intuitive means for the city managerial model. Comparing the two intuitive means, the respondents were of the impression that mayoral administration was most suitable in handling larger population sizes. A considerable number of participants from a mayoral type of government have a higher mean of each population category on rational decision-making as compared to the same from the city manager type of government.

Table 12

*Descriptive Statistics: Intuitive Decision-Making Style by Size*

Size of Government (# Residents)	Intuitive (Mean)	
	City Manager	Mayor
up to 8,000	3.20	3.28
8,001 to 33,000	3.80	3.48
33,001 to 125,000	----	3.80
125,0001 and up	----	2.80

*n* =63



Table 13 illustrates the data from 45 respondents on intuitive decision-making patterns based on past experiences. From the data provided, residents dwelling in cities managed by mayoral models of management had a higher mean score of 3.26 as compared to residents dwelling in locations that are under the direct leadership of city managers which had a mean score of 3.20. As such, Intuitive decision-making informed by previous experience is still higher among residents of mayoral locations as compared to residents from city managerial. Locations that are managed by mayors tend to draw most of their conclusions and decisions based on past experiences.

Table 13

*Descriptive Statistics: Intuitive Decision-Making by Previous Experience*

Considered Privatization	Intuitive Responses (Mean)			
	No	Yes(total)	Yes(mayor)	Yes(city manager)
up to 8,000	3.40	3.26	3.26	3.20

*n* =45

notes: 1. No is all mayor type (6ea)

2. Yes total is 39 ea with 35 mayor and 4 city manager

Table 14 provides an analysis of the Response Rate of dependent decision-making style retrieved based on 66 respondents. The analysis was performed with guidance from five critical questions from which deductions were explored. For the question – “I often need assistance from other people when making important decisions,” a majority of the respondents, 40 (63.49%), agreed to the statement. 15 (23.8%) participants strongly agreed to the statement. A paltry total of eight participants indicated that they hardly relied on other people to make important decisions. From this analysis, it was deduced that most participants appreciated the value of consultation when making important decisions.

Table 14

*Response Rate: Dependent Decision-Making Style*

Questions		Responses				
		Percent	Number	Weight	Score	Mean
I often need the assistance of other people when making important decisions.	Strongly agree	23.81%	15	5	75	
	Agree	63.49%	40	4	160	
	Neither agree nor disagree	4.76%	3	3	9	
	Disagree	7.94%	5	2	10	
	Strongly disagree	0.00%	0	1	0	
		<b>Answered</b>	<b>63</b>		254	4.03
		<b>Skipped</b>	<b>3</b>			
I rarely make important decision without consulting other people.	Strongly agree	41.27%	26	5	130	
	Agree	42.86%	27	4	108	
	Neither agree nor disagree	4.76%	3	3	9	
	Disagree	11.11%	7	2	14	
	Strongly disagree	0.00%	0	1	0	
		<b>Answered</b>	<b>63</b>		261	4.14
		<b>Skipped</b>	<b>3</b>			
If I have the support of others, it is easier for me to make important decisions.	Strongly agree	14.29%	9	5	45	
	Agree	42.86%	27	4	108	
	Neither agree nor disagree	14.29%	9	3	27	
	Disagree	28.57%	18	2	36	
	Strongly disagree	0.00%	0	1	0	
		<b>Answered</b>	<b>63</b>		216	3.43
		<b>Skipped</b>	<b>3</b>			
I use the advice of other people in making my important decisions.	Strongly agree	19.05%	12	5	60	
	Agree	61.90%	39	4	156	
	Neither agree nor disagree	14.29%	9	3	27	
	Disagree	4.76%	3	2	6	
	Strongly disagree	0.00%	0	1	0	
		<b>Answered</b>	<b>63</b>		249	3.95
		<b>Skipped</b>	<b>3</b>			
I like to have someone to steer me in the right direction when I am facing important decisions.	Strongly agree	0.00%	0	5	0	
	Agree	20.63%	13	4	52	
	Neither agree nor disagree	60.32%	38	3	114	
	Disagree	14.29%	9	2	18	
	Strongly disagree	4.76%	3	1	3	
		<b>Answered</b>	<b>63</b>		187	2.97
		<b>Skipped</b>	<b>3</b>	<b>Total Score</b>	<b>1167</b>	<b>3.70</b>

n =66

This is important as most relying on other people through consultation allows for the creation of new insights for forging better solutions on particular issues. For the rest of the four questions that were analyzed, the dominant trend was that most respondents valued the power of consultation in arriving at comprehensive solutions for important questions. For instance, in the question – “I use the advice of other people in making my

important decisions,” a majority of the study respondents, 39 (61.9%), indicated that they agreed to the question. Overall, the respondents were of the idea that an independent form of consultation was critical in making quality decisions on important issues. The dependent decision style questions scored a 0.937 on the Cronbach’s Alpha.

For 63 respondents, Table 15 provides the analysis of descriptive statistics on dependent decision-making patterns based on the size of a population. For a population size of less than 8,000 people, locations that are led by mayoral systems had a higher dependent mean of 3.78 compared to locations that were controlled by city management with a dependent mean of 2.40. For the 8,001-33,000-population cohort, mayoral locations still had a higher dependent mean of 4.08 compared to city manager locations with a dependent mean of 4.00. When put into perspective, a higher dependency rate in decision-making was witnessed in mayoral systems as compared to city systems for the various population cohorts analyzed.

Table 15

*Descriptive Statistics: Dependent Decision-Making by Size*

Size of Government (# Residents)	Dependent (Mean)	
	City Manager	Mayor
up to 8,000	2.40	3.78
8,001 to 33,000	4.00	4.08
33,001 to 125,000	----	2.40
125,0001 and up	----	4.20

*n* =63

Table 16 focused on analyzing the descriptive statistics on dependent decision-making patterns based on previous experience. The analysis was conducted for a population size of up to 8,000 people with responses from 45 participants. The mean for dependent responses for mayoral formation was higher at 3.73 compared to city managers with 2.40. A total of six people out of the 45 participants did not indicate their views on the mayoral types, while 39 responded with a “Yes.” Out of the 39 respondents, 35 responded with the mayor while four responded with a city manager. A relatively larger number of participants relied on past experiences to make their decisions.

Table 16

*Descriptive Statistics: Dependent Decision-Making by Previous Experience*

Considered Privatization	Dependent Responses (Mean)			
	No	Yes(total)	Yes(mayor)	Yes(city manager)
up to 8,000	4.10	3.59	3.73	2.40

*n* =45

notes: 1. No is all mayor type (6ea)

2. Yes total is 39 ea with 35 mayor and 4 city manager

Table 17 illustrates the analyzed data for the response rate for avoidant decision-making styles. The avoidant decision-making model utilizes delayed techniques to avoid the process of decision-making. This style of decision-making focuses on postponing decisions and avoiding pathways that can lead to making decisions. Avoidant decision-making style is credited with minimal success and should be strategically employed to achieve specific results that are desired. The table summarizes the responses of 66 participants based on five guiding questions. For the question – “I avoid making decisions until the pressure is on,” 56 (88.89%) out of the 66 participants disagreed. Six (9.52%) participants indicated that they strongly disagreed with the statement. Only one

person mentioned that he strongly agreed with the statement. On a separate question – “I often procrastinate when it comes to making important decisions,” a majority of the participants, 51 (80.95%) disagreed with the statement. 21 (33.33%) of the participants strongly disagreed with the statement. Overall, the analysis illustrates that respondents had little preference for the avoidance style of decision-making. A majority of the respondents preferred to make their decisions promptly free from procrastination. The Cronbach Alpha for the avoidant decision-making style questions was 0.947.

Table 17

*Response Rate: Avoidant Decision-Making Style*

Questions		Responses				
		Percent	Number	Weight	Score	Mean
I avoid making important decisions until the pressure is on.	Strongly agree	1.59%	1	5	5	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	0.00%	0	3	0	
	Disagree	88.89%	56	2	112	
	Strongly disagree	9.52%	6	1	6	
	<b>Answered</b>		<b>63</b>		123	1.95
I postpone decision making whenever possible.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	0.00%	0	3	0	
	Disagree	87.30%	55	2	110	
	Strongly disagree	12.70%	8	1	8	
	<b>Answered</b>		<b>63</b>		118	1.87
I often procrastinate when it comes to making important decisions.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	6.35%	4	3	12	
	Disagree	76.19%	48	2	96	
	Strongly disagree	17.46%	11	1	11	
	<b>Answered</b>		<b>63</b>		119	1.89
I generally make important decisions at the last minute.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	4.76%	3	3	9	
	Disagree	80.95%	51	2	102	
	Strongly disagree	14.29%	9	1	9	
	<b>Answered</b>		<b>63</b>		120	1.90
I put off making many decisions because thinking about them make me uneasy.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	6.35%	4	3	12	
	Disagree	60.32%	38	2	76	
	Strongly disagree	33.33%	21	1	21	
	<b>Answered</b>		<b>63</b>		109	1.73
		<b>Skipped</b>	<b>3</b>	<b>Total Score</b>	<b>589</b>	<b>1.87</b>

n =66

Table 18 illustrates the descriptive statistics on the avoidant decision-making style based on population size. The avoidant mean for city manager was higher (2.00) compared to the avoidant mean for mayor (1.96) for a population size of 8,000 and below. Similarly, for the population cohort of 8,001-33,000 people, the avoidant mean for

city manager was higher at 2.00 compared to the avoidant mean for the mayor at 1.42.

Both participants from populations of 8,000 or less and between 8,001 and 33,000 people preferred a city manager form of administration as being effective in avoiding the “avoidant decision-making” style.

Table 18

*Descriptive Statistics: Avoidant Decision-Making by Size*

Size of Government (# Residents)	Avoidant (Mean)	
	City Manager	Mayor
up to 8,000	2.00	1.96
8,001 to 33,000	2.00	1.42
33,001 to 125,000	----	1.80
125,0001 and up	----	2.00

*n* =63

Table 19 presents a summarized account of the descriptive statistics on the avoidant decision-making style. For a population size of 8,000 people and below, 45 participants indicated their responses in line with their thoughts on the style of decision-making. The mean for the avoidant responses was higher for the city manager form of administration at a value of 2.00 compared to the mayoral form of administration which had a value of 1.91. Six participants replied with a “No” for the avoidant decision-making while 39 of the respondents replied with a “Yes.” Thirty-five were for the mayor while four were for the city manager. In the end, the total index for the “Yes” responses was marked at 1.95.

Table 19

*Descriptive Statistics: Avoidant Decision-Making*

Considered Privatization	Avoidant Responses (Mean)			
	No	Yes <sup>(total)</sup>	Yes <sup>(mayor)</sup>	Yes <sup>(city manager)</sup>
up to 8,000	2.00	1.95	1.91	2.00

n =45

notes: 1. No is all mayor type (6ea)

2. Yes total is 39 ea with 35 mayor and 4 city manager

Table 20 illustrates the response rates that were analyzed based on the spontaneous decision-making style. Contrary to the avoidant decision-making, the spontaneous decision-making style employs a quick framework of arriving at impulsive decisions.

Table 20

*Response Rate: Spontaneous Decision-Making Style*

Questions		Responses				
		Percent	Number	Weight	Score	Mean
I generally make snap decisions.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	0.00%	0	3	0	
	Disagree	92.06%	58	2	116	
	Strongly disagree	7.94%	5	1	5	
	<b>Answered</b>		<b>63</b>		121	1.92
	<b>Skipped</b>		<b>3</b>			
I often make decisions on the spur of the moment.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	12.70%	8	3	24	
	Disagree	77.78%	49	2	98	
	Strongly disagree	9.52%	6	1	6	
	<b>Answered</b>		<b>63</b>		128	2.03
	<b>Skipped</b>		<b>3</b>			
I make quick decisions.	Strongly agree	0.00%	0	5	0	
	Agree	5.00%	3	4	12	
	Neither agree nor disagree	25.00%	15	3	45	
	Disagree	66.67%	40	2	80	
	Strongly disagree	3.33%	2	1	2	
	<b>Answered</b>		<b>60</b>		139	2.32
	<b>Skipped</b>		<b>6</b>			
I often make impulsive decisions.	Strongly agree	0.00%	0	5	0	
	Agree	0.00%	0	4	0	
	Neither agree nor disagree	4.76%	3	3	9	
	Disagree	60.32%	38	2	76	
	Strongly disagree	34.92%	22	1	22	
	<b>Answered</b>		<b>63</b>		107	1.70
	<b>Skipped</b>		<b>3</b>			
When making decisions, I do what seems natural at the moment.	Strongly agree	0.00%	0	5	0	
	Agree	4.76%	3	4	12	
	Neither agree nor disagree	47.62%	30	3	90	
	Disagree	41.27%	26	2	52	
	Strongly disagree	6.35%	4	1	4	
	<b>Answered</b>		<b>63</b>		158	2.51
	<b>Skipped</b>		<b>3</b>	<b>Total Score</b>	<b>653</b>	<b>2.10</b>

n =66



When a spontaneous decision-making model is applied within an organization, an abrupt selection is made out of the possibilities that are available for a particular problem or issue. Generally, the decision-making style is characterized by a hasty and rapid process of implementation for a given issue that is under contestation. This style is not preferable as it may lead to costly damages arising from implementing solutions that are not well-thought-out. However, it was important to determine the perception levels for the 66 participants on their overall feeling on the decision-making style. As with other forms of analysis, five critical questions or statements were used to poke the perceptions of the respondents. For the first statement – “I generally make snap decisions,” 92.06% (58) of the participants disagreed.

Further, 7.94% (five) of the participants strongly disagreed with the statement. The rest of the responses that were tapped from the respondents on the other statements were reflections of their sentiments in the first statement. For instance, in the statement, - “I make quick decisions,” a majority of the participants (40 – 66.67%) indicated that they disagreed. On the same statement, a considerable number of the participants (15) indicated that they neither agreed nor disagreed with the statement. A qualitative interpretation of the results implies that most respondents did not prefer to make spontaneous decisions. The case of 15 participants being unable to determine their clear-cut opinion on the statement implies that the respondents are always tempted to make quick decisions while at the same time trying to restrict themselves to logical decision-making. For reliability, Cronbach’s Alpha was 0.949 for the spontaneous decision-making style questions.

Table 21 provides a brief illustration of the descriptive statistics on spontaneous decision-making by size. For smaller population sizes of 8,000 and below, the spontaneous mean was valued at 2.60 for city manager, which was higher than the spontaneous mean for the mayor, 2.11. A similar trend was depicted in the population range of between 8,001 to 33,000 people. For the two population groups, it can be interpreted that locations that are administered by city managers have a higher spontaneous mean compared to those populations that are administered by the mayoral form of administration.

Table 21

*Descriptive Statistics: Spontaneous Decision-Making by Size*

Size of Government (# Residents)	Spontaneous (Mean)	
	City Manager	Mayor
up to 8,000	2.60	2.11
8,001 to 33,000	2.40	1.86
33,001 to 125,000	----	1.60
125,0001 and up	----	1.80

*n* =63

Table 22 illustrates the descriptive statistics on spontaneous decision-making based on previous experience. The mean for the spontaneous responses was assessed over a participant population of 45 people for a population size of 8,000 people and below. The spontaneous mean for a “No” was marked a 2.00 while the “Yes” was marked at 1.95. Overall, the spontaneous mean response for the city manager was higher (2.00) than that of the mayor at 1.91. Previous experiences thus made a formidable basis for which the respondents could assume spontaneous decisions in both the city manager and mayoral forms of government.

Table 22

*Descriptive Statistics: Spontaneous Decision-Making by Previous Experience*

Considered Privatization	Spontaneous Responses (Mean)			
	No	Yes(total)	Yes(mayor)	Yes(city manager)
up to 8,000	2.00	1.95	1.91	2.00

*n* =45

notes: 1. No is all mayor type (6ea)

2. Yes total is 39 ea with 35 mayor and 4 city manager

Table 23 provides a summarized account of the views of the study respondents based on the benefits derived out of privatizing government-owned facilities or resources. A total of 66 participants were drawn in the analysis. Fifteen participants indicated that they strongly believed that privatization was beneficial, 24 participants agreed that privatization was beneficial, three participants neither agreed nor disagreed and another 15 participants disagreed that privatization was beneficial. Some six participants provided views were difficult to match to the prescribed scale. A critical evaluation of the responses depicts a normal case for distribution for a subject that is highly debatable. While a significant population of the respondents believed that privatization was beneficial, a considerable number of the respondents demonstrated that were of the contrary opinion. The responses seem to have been guided by the many advantages and disadvantages that are pegged on privatization. For instance, while privatization can result in inefficient use of public resources, it can equally bar prospective citizens from enjoying services that would have otherwise been offered at affordable rates.

Table 23

*Response Rate: Privatization was Beneficial*

	Responses				
	Percent	Number	Weight	Score	Mean
Strongly agree	23.81%	15	5	75	
Agree	38.10%	24	4	96	
Neither agree nor disagree	4.76%	3	3	9	
Disagree	23.81%	15	2	30	
Strongly disagree	0.00%	0	1	0	
N/A	9.52%	6	0	0	
	<b>Answered</b>	<b>63</b>	<b>Total Score</b>	<b>210</b>	3.33
	<b>Skipped</b>	<b>3</b>			

*n* =66

The case of beneficial impacts of privatization was analyzed based on population size on both the city manager and mayor forms of government. For the city manager, data was only presented for one case of the population size of fewer than 8,000 people. In this area, the beneficial mean for the mayor was found to be higher at 3.12 compared to the beneficial mean for the city manager marked at 2.00. For the 63 participants interrogated, a majority of them demonstrated a higher case of benefits for the mayoral form of government compared to the city manager form of governance (See Table 24).

Table 24

*Descriptive Statistics: Beneficial by Size*

Size of Government (# Residents)	Beneficial (Mean)	
	City Manager	Mayor
up to 8,000	2.00	3.12
8,001 to 33,000	N/A	4.40
33,001 to 125,000	----	5.00
125,0001 and up	----	4.00

*n* =63

Table 25 provides a structured illustration of the responses of the 66 study participants on the response rate of whether privatization saved money. As depicted in the table, the responses from the participants were distributed in line with their views on the statement – “privatization saved money.” The responses were as follows: Strongly agree = 15, Agree = 21, Neither agree nor disagree = 6, Disagree = 12 with nine respondents not giving their responses. From the data, a majority of the participants were convinced that privatization saved more money. On the contrary, a few of the participants were convinced that privatization did not save any significant amounts of money. From a general perspective, the participants were divided on the actual benefits of privatization that directly impacted their lives.

Table 25

*Responsive Rate: Privatization Saved Money*

	Responses				
	Percent	Number	Weight	Score	Mean
Strongly agree	23.81%	15	5	75	
Agree	33.33%	21	4	84	
Neither agree nor disagree	9.52%	6	3	18	
Disagree	19.05%	12	2	24	
Strongly disagree	0.00%	0	1	0	
N/A	14.29%	9	0	0	
	<b>Answered</b>	<b>63</b>	<b>Total Score</b>	<b>201</b>	3.19
	<b>Skipped</b>	<b>3</b>			

*n* = 66

Table 26 shows a brief illustration of the descriptive statistics on saved money by population size. For a population size of 8,000 and below, the mean for saved money was found to be higher in the mayoral system with an average value of 2.80 compared to the mean for the city manager form of governance that had a mean average value of 2.00. For

the 63 participants, the results that are captured in the table can be analyzed to indicate that major savings were observed in the mayoral model compared to the city manager model.

Table 26

*Descriptive Statistics: Saved Money by Size*

Size of Government (# Residents)	Saved Money (Mean)	
	City Manager	Mayor
up to 8,000	2.00	2.80
8,001 to 33,000	N/A	4.50
33,001 to 125,000	----	5.00
125,0001 and up	----	4.00

*n* =63

Table 27 provides a condensed illustration of the participant responses based on the cost of privatization. The statement – “privatization cost more money” was used to capture the various responses of the participants. Regarding the statement, a majority of the respondents (30) disagreed. A further nine people strongly disagreed with the statement. On the contrary, 12 participants agreed with the statement. Just like in the case of money-saving, the respondents depicted a distributed variation in their responses. However, a majority of the participants seemed to believe that privatization cost less money. As such, most of the respondents were in support of privatization as an effective means of utilizing public assets and other resources.

Table 27

*Response Rate: Privatization Cost More Money*

	Responses				
	Percent	Number	Weight	Score	Mean
Strongly agree	0.00%	0	5	0	
Agree	19.05%	12	4	48	
Neither agree nor disagree	4.76%	3	3	9	
Disagree	47.62%	30	2	60	
Strongly disagree	14.29%	9	1	9	
N/A	14.29%	9	0	0	
	<b>Answered</b>	<b>63</b>	<b>Total Score</b>	<b>126</b>	2.00
	<b>Skipped</b>	<b>3</b>			

*n* = 66

Table 28 interrogated the question of the cost of privatization based on population size. For populations of 8,000 people and below, the mean of higher cost was larger for the city managerial model at 4.00 as compared to the mayoral model. The statistical data can be evaluated to imply that the city managerial model of governance is costly when it comes to privatization. For the mayoral system of governance, larger populations were represented by lower high-cost means. This signifies that when a population increases, the costs incurred in privatization related engagements are likely to upsurge.

Table 28

*Descriptive Statistics: Cost More by Size*

Size of Government (# Residents)	Cost More (Mean)	
	City Manager	Mayor
up to 8,000	4.00	2.24
8,001 to 33,000	N/A	1.90
33,001 to 125,000	----	1.00
125,0001 and up	----	2.00

*n* = 63

Table 29 assesses and provides a breakdown of the responses of the study participants concerning quality improvement. The respondents were presented with a simple statement – “Privatization Increase Quality” to determine the general perception of the respondents. The largest number of respondents (27) indicated that they could neither agree nor disagree with the statement. Twenty-four participants agreed, and another six people were strongly agreeing with the proposition. A paltry three people indicated that they disagreed with the statement. For the total score, the respondents had a general perception that privatization enhanced quality improvements.

Table 29

*Response Rate: Privatization Increase Quality*

	Responses				
	Percent	Number	Weight	Score	Mean
Strongly agree	9.52%	6	5	30	
Agree	38.10%	24	4	96	
Neither agree nor disagree	42.86%	27	3	81	
Disagree	4.76%	3	2	6	
Strongly disagree	0.00%	0	1	0	
N/A	4.76%	3	0	0	
	<b>Answered</b>	<b>63</b>	<b>Total Score</b>	<b>213</b>	<b>3.38</b>
	<b>Skipped</b>	<b>3</b>			

*n* = 66

Table 30 illustrates a descriptive analysis of the increase in quality based on population size. For a population size of 8,000 people and below, the increase in quality means for the mayoral model was higher than the increase in quality mean for the city manager model. A similar trend of results was mirrored onto the 8,001-33,000-population cohort. For this category, an increase quality mean of 4.30 was recorded for the mayoral system against an increased quality mean value of 3.00. From the responses of the 63



participants, an evaluation of the data implies that privatization yields more quality in the mayoral system as compared to the city manager system.

Table 30

*Descriptive Statistics: Increase Quality by Size*

Size of Government (# Residents)	Increase Quality (Mean)	
	City Manager	Mayor
up to 8,000	2.00	3.19
8,001 to 33,000	3.00	4.30
33,001 to 125,000	----	4.00
125,0001 and up	----	4.00

*n* =63

Table 31 illustrates the responses of the participants regarding the impact of privatization as far as government role is concerned. The research relied on the positive statement – Privatization Increased Role of Government. A majority (33) of the respondents indicated that they disagreed with the statement. Another group of 15 respondents was not certain of whether privatization had indeed increased the role of the government. Only six out of the 66 participants indicated that privatization had increased the role of the government. In evaluating the responses, it can be stated that a majority of the study respondents were not convinced that privatization had positively impacted government actions. Although fact that most participants agreed that privatization improves quality, most of them did not associate that quality improvement to government actions. This implies that most participants believed that government actions were by far carried out less efficiently.

Table 31

*Response Rate: Privatization Increased Role of Government*

	Responses				
	Percent	Number	Weight	Score	Mean
Strongly agree	0.00%	0	5	0	
Agree	9.52%	6	4	24	
Neither agree nor disagree	23.81%	15	3	45	
Disagree	52.38%	33	2	66	
Strongly disagree	4.76%	3	1	3	
N/A	9.52%	6	0	0	
	<b>Answered</b>	<b>63</b>	<b>Total Score</b>	<b>138</b>	2.19
	<b>Skipped</b>	<b>3</b>			

*n* = 66

Table 32 provides a summary of the analysis of the descriptive statistics on the increased role of the government by population size. For the population size of 8,000 people and below, the mean for the increase in the role was higher (2.00) for the city manager system of governance as compared to the mayoral system of governance which had an increasing role mean of 1.97. The same trend of results was reflected for the next population cohort of between 8,001-33,000 people. Overall, privatization yields quality in government actions at the city level compared to the mayoral system of governance.

Table 32

*Descriptive Statistics: Increased Role by Size*

Size of Government (# Residents)	Increase Role (Mean)	
	City Manager	Mayor
up to 8,000	2.00	1.97
8,001 to 33,000	3.00	2.70
33,001 to 125,000	----	3.00
125,0001 and up	----	2.00

*n* = 63

## Results of the Research Questions and Hypotheses

In the preceding section, a descriptive analysis was carried out based on the responses that were captured from the 66 study respondents. The descriptive analysis revealed the perception of the respondents on key issues that relate to the subject of privatization. In this section, the comprehensive results of the research questions and study hypotheses are outlined. The results are presented in a tabulated and structured format to aid in the ease of interpretation of the specific aspects of the study. More importantly, the results are evaluated and discussed to reveal critical insights into the research topic.

The results that are outlined in Table 33 are analyzed and interpreted in the sections that follow. The analysis and evaluation are carried out in line with the hypotheses that were outlined for the study.

Table 33

### *Correlation Matrix of Variables*

Correlation Matrix Pearson Correlations		Rational	Intuitive	Dependant	Avoidant	Spontaneous	Benefit	Saved Money	Cost More	Increase Quality	Increase Role
Rational	Pearson's r	—									
	p-value	—									
Intuitive	Pearson's r	-0.060	—								
	p-value	0.643	—								
Dependant	Pearson's r	0.421 ***	-0.086	—							
	p-value	< .001	0.501	—							
Avoidant	Pearson's r	-0.504 ***	-0.079	-0.159	—						
	p-value	< .001	0.539	0.213	—						
Spontaneous	Pearson's r	-0.332 **	-0.013	0.092	0.259 *	—					
	p-value	0.008	0.922	0.473	0.040	—					
Benefit	Pearson's r	0.817 ***	-0.093	0.156	-0.642 ***	-0.143	—				
	p-value	< .001	0.469	0.221	< .001	0.264	—				
Saved Money	Pearson's r	0.778 ***	-0.008	0.114	-0.608 ***	-0.125	0.914 ***	—			
	p-value	< .001	0.953	0.376	< .001	0.328	< .001	—			
Cost More	Pearson's r	-0.254 *	0.098	-0.046	0.055	0.285	* 0.068	0.077	—		
	p-value	0.045	0.447	0.722	0.669	0.024	0.595	0.550	—		
Increase Quality	Pearson's r	0.718 ***	0.013	0.229	-0.699 ***	-0.217	0.791 ***	0.733 ***	0.126	—	
	p-value	< .001	0.919	0.071	< .001	0.088	< .001	< .001	0.327	—	
Increase Role	Pearson's r	0.440 ***	0.377 **	0.124	-0.481 ***	0.194	0.492 ***	0.632 ***	0.225	0.608 ***	—
	p-value	< .001	0.002	0.334	< .001	0.128	< .001	< .001	0.076	< .001	—

\* p < .05, \*\* p < .01, \*\*\* p < .001

**H1o.** Rational decision-making styles allow the privatization of services or projects to have favorable outcomes.

Rational has 0.817 with benefit, 0.778 with saved money, and 0.718 with increase quality. Significance when near 1.0 implies that rational decision-making is associated with enhanced benefits when used in implementing privatization schemes.

**H2o.** Intuitive decision-making styles allow privatization of services or projects to have favorable outcomes.

Intuitive decision-making has -0.093 with benefit, -0.008 with saved money, and 0.013 with increased quality — no significance when near 0. The use of intuitive decision-making is less productive when applied in parameters that are important that are central to quality performance.

**H3o.** Dependent decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

Dependent has 0.156 with benefit, 0.114 with saved money, and 0.229 with increase quality — no significance when near 0. The application of dependency when making decisions has the largest influence on quality improvement, followed by privatization benefits and finally, with the saved money. Dependency allows for consultation to avoid potential errors that would otherwise impede success.

**H4o.** Avoidant decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

Avoidant has -0.642 with benefit, -0.608 with saved money, and -0.699 with increase quality. No significance when near 0. Avoidant decision-making attracts

negative impacts in the management of privatization of services, thus discouraged in developing the implementation phase.

**H5o.** Spontaneous decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

Spontaneous has -0.143 with benefit, -0.125 with saved money, and -0.217 with increase quality — no significance when near 0. When spontaneous decision-making is applied, negative impacts are observed on the three parameters under consideration. At near 0, the impact of spontaneous decisions cannot be felt as they are hardly applied.

**H6o.** Governments that serve more than 33,000 residents utilize rational decision-making styles in privatization decisions.

Regarding Table 9, communities with less than 33,000 had means of 3.8 and 4.2 for city managers and 4.54 and 4.88 for mayors which are very high to the max of a mean of five. Notably, the data that are captured in Tables 12, 15, 18 and 21 have means that are lesser than the mean of Table 9. When the population of people being served by the governments is smaller, the means tend to increase. On the contrary, higher populations are prone to lower means as witnessed in the case of Tables 12, 15, 18 and 21.

**H7o.** Governments that serve less than 33,000 residents utilize intuitive, dependent, avoidant, or spontaneous decision-making styles in privatization decisions.

With reference, Table 9 shows communities with more than 33,000 had means of 5.0 and 5.0 for mayors which are the max of a mean of 5. Notably, Tables 12, 15, 18, and 21 have means lesser than Table 9. For smaller populations of residents, certain styles of decision-making are likely to yield more positive outcomes as compared to the

case of larger populations. In effect, the intuitive, dependent, avoidant, or spontaneous decision-making styles had higher means for smaller populations of less than 33,000 residents.

### **Research Questions**

Three research questions were addressed in this study:

1. Which decision-making style (rational, intuitive, dependent, avoidant, or spontaneous) (Scott & Bruce, 1995) accurately outlines the government leader's decisions to privatize services or projects?

For the descriptive analysis, the various styles of decision-making were explored in Tables 8, 11, 14, 17, and 20. For the various styles outlined, the rational style of decision-making was noted to have the highest average mean of 4.58. The other styles of decision-making have the means in decreasing order: dependent = 3.70, Intuitive = 3.33, spontaneous = 2.10 and avoidant = 1.87. The rational decision-making style is preferred because it relies on logical analysis to arrive at conclusions that realize the most benefits in privatization.

2. Does the decision-making style forecast the privatization outcome?

Regarding Table 33 on Pearson's  $r$  of rational decision-making, the scoring near 1.0 and the others closer to zero showing no significance can be evaluated to reveal insights on forecasting. More specifically, the rationale has 0.817 with benefit, 0.778 with the saved money, and 0.718 with an increase in quality. A significance when near 1.0 is considered, implies that rational decision-making is associated with quality decision-making in privatization while projecting into the future.

3. Does the size of government make any differences in decision-making styles utilized or privatization outcomes?

The size of the governments has a relatively lower implication on the type of decision-making style employed and, eventually the outcomes that are achieved in privatization. Regarding Table 9, all the communities that had larger population sizes of more than 33,000 people had a maximum means of 5.0 for both the city managers and mayors. On a separate account, high means were also recorded for populations of less than 33,000 people as depicted in Tables 12, 15, 18 and 21. The high means imply that the size of a population least influences the efficiency of a decision-making style.

## **CHAPTER 5**

### **SUMMARY OF THE STUDY**

#### **Introduction**

Throughout the study, the focus has been channeled towards realizing the best style of decision-making that can be employed in managing private government organizations and services in the communities of north Louisiana to instill a favorable framework for favorable outcomes. The subject of decision-making is a critical aspect of the management of government services. Leaders and managers that are charged with administrative mandates must always utilize the best strategies and frameworks that yield optimal results for the given problem. In realizing the objectives of the study, relevant literature was explored to unearth the various styles of decision-making. Subsequently, the study methodology was used to collect responses from 66 study participants. The data and information collected were subsequently analyzed in terms of the effectiveness of each decision-making style. A discussion and evaluation of the results and study hypotheses demonstrated that the rational decision-making style was most appropriate in predicting more reliable outcomes in privatization.



### **Hypothesis and Research Questions Findings**

The specific hypotheses evaluated by this research were:

**H1<sub>0</sub>.** Rational decision-making styles allow the privatization of services or projects to have favorable outcomes.

The rational decision-making was shown to have the highest score in determining the key performance parameters for favorable outcomes. In particular, Rational has 0.817 with benefit, 0.778 with saved money, and 0.718 with increase quality. As such, the hypothesis was accepted.

**H2<sub>0</sub>.** Intuitive decision-making styles allow the privatization of services or projects to have favorable outcomes.

While intuitive decision-making style was credited to an appreciable amount of successful project outcomes by having a mean of 3.33, its benefits were poor. More specifically, Intuitive has -0.093 with benefit, -0.008 with saved money, and 0.013 with increased quality. No significance when near 0. This hypothesis was thus rejected.

**H3<sub>0</sub>.** Dependent decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

The use of dependent decision-making styles was shown to associated with minimal beneficial outcomes. The mean values for the benefits associated with dependent decision-making were marked recorded as 0.156 with benefit, 0.114 with saved money, and 0.229 with increase quality — no significance when near 0. The hypothesis was thus accepted.

**H4<sub>0</sub>.** Avoidant decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

Similar to the dependent decision-making style, the avoidant style is associated with minimal favorable outcomes. The evaluation values for the avoidant decision-making are negative values representing a dismal performance. They include -0.642 with benefit, -0.608 with saved money, and -0.699 with increase quality — no significance when near 0. The hypothesis was thus accepted.

**H5o.** Spontaneous decision-making styles allow the privatization of services or projects to have less than favorable outcomes.

The spontaneous type of decision-making was also found to have minimal favorable outcomes when used in the privatization of government services. The values for the key performance indicators were found to be negative values, indicative of poor future outcomes. The values were determined to be such that -0.143 was matched with benefit, -0.125 with saved money, and -0.217 with increase quality — no significance when near 0. The hypothesis was therefore accepted.

**H6o.** Governments that serve more than 33,000 residents utilize rational decision-making styles in privatization decisions.

For governments serving communities with less than 33,000, the means were found to be 3.8 and 4.2 for city managers and 4.54 and 4.88 for mayors which are very high to the max of a mean of 5. On the contrary, it was noted that tables 12, 15, 18, and 21 with a mean lesser than Table 9. For smaller populations, the means tend to increase while larger populations are associated with fewer means. The hypothesis was thus accepted.

**H7o.** Government that serves less than 33,000 residents utilize intuitive, dependent, avoidant, or spontaneous decision-making styles in privatization decisions.

Regarding Table 9, governments serving communities with more than 33,000 had means of 5.0 and 5.0 for mayors which are the max of a mean of 5. On the contrary, governments serving populations with more than 33,000 people had lesser means as depicted in tables 12, 15, 18 and 21. For smaller populations, the intuitive, dependent, avoidant, or spontaneous decision-making styles in privatization decisions were more preferred. The hypothesis was therefore accepted.

### **Research Questions**

Three research questions were addressed in this study:

1. Which decision-making style (rational, intuitive, dependent, avoidant, or spontaneous) (Scott & Bruce, 1995) accurately outlines the government leader's decisions to privatize services or projects?

Out of all the decision-making styles that were analyzed and discussed in the study, rational decision-making was found to accurately outline the government leader's decisions to privatize services or projects. The rational decision-making had the highest mean rating of 4.58.

2. Does the decision-making style forecast the privatization outcome?

The rational decision-making style was also observed to possess the potential to forecast the privatization outcome accurately. Regarding Table 33, Pearson's  $r$  of rational decision-making scoring near 1.0, while the others are closer to zero, shows no

significance. When rational decision-making was compared against the other styles, it showed a higher likelihood of a forecast of positive outcomes.

3. Does the size of government make any differences in decision-making styles utilized or privatization outcomes?

The size of the governments has a relatively lower implication on the type of decision-making style employed and, eventually the outcomes that are achieved in privatization. Regarding Table 9, all the communities that had larger population sizes of more than 33,000 people had a maximum means of 5.0 for both the city managers and mayors. On a separate account, high means were also recorded for populations of less than 33,000 people as depicted in tables 12, 15, 18 and 21. When rational decision-making is considered, the size of communities managed by the government does not outlay any significant differences.

### **Implications for Practice**

The concept of privatization of government functions is central to the efficient management of government resources. The real benefits of the concept are realized through a comprehensive cost-benefit analysis that outlines all the critical functional areas and how such engagements directly impact them. This research work has outlined a well-structured framework that can be used by new government leaders to assist them in making critical decisions on privatization/outsourcing. By outsourcing certain services from the private sector, local governments can realize massive cuts in expenses and hence savings. This is because privatized firms are specialized in carrying out specific tasks hence yield efficiency in service delivery. Moreover, the costs for such services are

usually lower than the amounts that would have otherwise been incurred by local governments.

The success of the privatization of government services or projects is highly dependent on the quality of decisions that are made by leaders. In this study, several types of decision-making including the rational, intuitive, dependent, avoidant and spontaneous, were assessed, analyzed and evaluated. The rational decision-making was determined and discussed to be the most appropriate in managing privatized functions in governments. Rational decision-making is associated with a more compact and centralized form of management and overseeing of various government functions. More importantly, it results in positive outcomes that are central for future sustenance of government operations.

### **Recommendations for Future Research**

This research study has comprehensively focused on analyzing the subject of privatization in local governments as far as the process of decision-making is concerned. From a broader picture, the act of outsourcing certain services from the private sector by local governments is associated with the effective performance of local government functions. The strength of privatization of services and projects by the governments lies in the ability of the leadership to formulate and develop precise solutions that can steer the government forward. This study has satisfactorily determined that the rational decision-making approach has the most positive outcomes for growth.

Going forward, there is a need to verify the prevalence of rational decision-making style beyond north Louisiana. For this study, the geographical focus was on north Louisiana. The city manager type of government was found to be more prevalent in the

northeast part of the government compared to the mayor form of government which was rare throughout the country. Further research should thus focus beyond the geographical scope of north Louisiana. Also, the strengths of other decision-making styles should be investigated.

### **Conclusions**

The process of decision-making in privatization or outsourcing of services or projects of local governments is essential for effective administration and hence positive growth. Generally, local governments are crowded by several activities, some of which may be difficult to coordinate in order to realize smooth running. In this research, the various types of decision-making styles have been researched and discussed to determine the technique that can realize the most beneficial outcomes. With a limited amount of past research, this study helps to fill that literature gap. Even with limited research, literature review with studies by Ward (2016) and Wood (2012) showed tendencies toward the ability to predict decision outcomes using certain decision-making styles. The concluded Cronbach's Alphas further provided evidence that Scott and Bruce's (1995) measure is still a valid tool to use for evaluating decision-making styles.

This study relied on 66 participants to investigate the application of decision-making styles for both city and mayor forms of government. Moreover, the study considered different population sizes to determine the impact of the type of decision-making tool used. Reviewing the data proved that the possible limitation of perception of the topic and the use of a limited geographic area for this delimitation factor was successful. The data showed that a vast majority understood the decision-making topic offered. Further, it appears that the other limitations noted in Chapter 1 did not play a big

role in this study. In the findings, it was established that the rational decision-making style had the most positive outcomes in the privatization of government projects and services. The new leaders of north Louisiana can significantly forecast future growth by relying on logical sequence of making decisions to cut on their expenses while improving efficiency.

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## **APPENDIX A**

### **HUMAN USE APPROVAL LETTER**



## OFFICE OF SPONSORED PROJECTS

TO: Mr. Kenneth Ward and Dr. Randy Parker

FROM: Dr. Richard Kordal, Director of Intellectual Property & Commercialization  
(OIPC)  
[rkordal@latech.edu](mailto:rkordal@latech.edu) *RK*

SUBJECT: HUMAN USE COMMITTEE REVIEW

DATE: June 14, 2019

In order to facilitate your project, an EXPEDITED REVIEW has been done for your proposed study entitled:

**"Decision Making Styles that Affect Local Governments When Privatizing Services"**

**HUC 19-120**

The proposed study's revised procedures were found to provide reasonable and adequate safeguards against possible risks involving human subjects. The information to be collected may be personal in nature or implication. Therefore, diligent care needs to be taken to protect the privacy of the participants and to assure that the data are kept confidential. Informed consent is a critical part of the research process. The subjects must be informed that their participation is voluntary. It is important that consent materials be presented in a language understandable to every participant. If you have participants in your study whose first language is not English, be sure that informed consent materials are adequately explained or translated. Since your reviewed project appears to do no damage to the participants, the Human Use Committee grants approval of the involvement of human subjects as outlined.

Projects should be renewed annually. *This approval was finalized on June 14, 2019 and this project will need to receive a continuation review by the IRB if the project continues beyond June 14, 2020. ANY CHANGES* to your protocol procedures, including minor changes, should be reported immediately to the IRB for approval before implementation. Projects involving NIH funds require annual education training to be documented. For more information regarding this, contact the Office of Sponsored Projects.

You are requested to maintain written records of your procedures, data collected, and subjects involved. These records will need to be available upon request during the conduct of the study and retained by the university for three years after the conclusion of the study. If changes occur in recruiting of subjects, informed consent process or in your research protocol, or if unanticipated problems should arise it is the Researchers responsibility to notify the Office of Sponsored Projects or IRB in writing. The project should be discontinued until modifications can be reviewed and approved.

Please be aware that you are responsible for reporting any adverse events or unanticipated problems.

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

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**APPENDIX B**

**INSTRUMENTATION**



General Decision-Making Style Instrument					
Listed below are statements describing how individuals go about making important decisions, such as privatizing or outsourcing governmental services and projects. Please indicate whether you agree or disagree with each statement.					
1	Type of Government	Mayor 1	City Manager 2		
1	Have you or your governmental agency considered privatization or outsourcing a project or service in the past 5 years?	Yes 1	No 2		
1	What size of Government to do you serve?	# of Residents up to 8,000 1	# of Residents 8,001 to 33,000 2	# of Residents 33,001 to 125,000 3	# of Residents 125,000 up 4
		Strongly Disagree 1	Generally Disagree 2	Neither Agree nor Disagree 3	Generally Agree 4
1	I double check my information sources to be sure I have the right facts before making decisions.	1	2	3	4
2	When making decisions I rely upon my instincts.	1	2	3	4
3	I often need the assistance of other people when making important decisions.	1	2	3	4
4	I avoid making important decisions until the pressure is on.	1	2	3	4
5	I generally make snap decisions.	1	2	3	4
6	I make decisions in a logical and systematic way.	1	2	3	4
7	When I make decisions, I tend to rely on my intuition.	1	2	3	4
8	I rarely make important decision without consulting other people.	1	2	3	4
9	I postpone decision making whenever possible.	1	2	3	4
10	I often make decisions on the spur of the moment.	1	2	3	4
11	My decision making requires careful thought.	1	2	3	4
12	I generally make decisions that feel right to me.	1	2	3	4
13	If I have the support of others, it is easier for me to make important decisions.	1	2	3	4
14	I often procrastinate when it comes to making important decisions.	1	2	3	4
15	I make quick decisions.	1	2	3	4
16	When making a decision, I consider various options in terms of a specific goal.	1	2	3	4
17	When I make a decision, it is more important for me to feel the decision is right than to have a rational reason for it.	1	2	3	4
18	I use the advice of other people in making my important decisions.	1	2	3	4
19	I generally make important decisions at the last minute.	1	2	3	4
20	I often make impulsive decisions.	1	2	3	4
21	I explore all of my options before making a decision.	1	2	3	4
22	When I make a decision, I trust my inner feelings and reactions.	1	2	3	4
23	I like to have someone to steer me in the right direction when I am faced with important decisions.	1	2	3	4
24	I put off making many decisions because thinking about them makes me uneasy.	1	2	3	4
25	When making decisions, I do what seems natural at the natural.	1	2	3	4
		Strongly Disagree 1	Somewhat Disagree 2	Neither Agree nor Disagree 3	Somewhat Agree 4
1	After some evaluation of the privatization or outsourcing project/service was it beneficial?	1	2	3	4
2	Did the privatization/outsourcing save money?	1	2	3	4
3	Did the privatization/outsourcing cost more money?	1	2	3	4
4	Did the privatization/outsourcing increase quality?	1	2	3	4
5	Did the privatization/outsourcing decrease quality?	1	2	3	4
6	Did the privatization/outsourcing increase the role of government?	1	2	3	4
7	Did the privatization/outsourcing decrease the role of government?	1	2	3	4

## **APPENDIX C**

### **LETTER OF CONSENT**

(Date)

Kenneth Ward  
214 Parks Road  
Benton, Louisiana 71006

(name)

(address)

(address)

Dear Government Leader:

My name is Ken Ward, and I am a doctoral candidate in organizational leadership at Louisiana Tech University. I am in the process of conducting research on the Effects of Decision-Making Styles when Privatizing Services in Local Governments, specifically in north Louisiana. The purpose of the study is to determine if a certain decision-making style can predict a positive outcome when privatizing services. You have been identified as a possible participant due to your position in local government and your intimate knowledge of issues such as privatization in government.

I ask for your participation by answering 33 short questions, which should take less than 5 minutes, to assist in studying the decision-making styles used when making privatization in your jurisdiction. If you agree to participate, please be assured that your answers will be totally confidential, data will be aggregated and reported anonymously, and all data will be stored on a password protected file available only to the researchers named in this letter. To participate, you can click on the following link, [www.surveymonkey.com//decision](http://www.surveymonkey.com//decision). You will have 30 days to take the survey after which time the survey will be closed and data analyzed.

If you have any questions about the survey or my research, please feel free to contact me anytime (318)208-1801 (klw060@latech.edu) or my research advisor, Dr. Randy Parker, at (318)257-2834 (doctorp@latech.edu).

I hope you that you will take a few minutes from your busy schedule and complete the survey at your earliest convenience. Your participation and cooperation are vital to this study in decision-making styles. Thank you in advance for your assistance.

Sincerely,

Ken Ward, Doctoral Candidate